

CITY OF HOLLY HILL, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019



CITY COMMISSION

HONORABLE CHRIS VIA, MAYOR

DISTRICT 1 – JOHN PENNY

DISTRICT 2 – PENNY CURRIE

DISTRICT 3 – JOHN C. DANIO

DISTRICT 4 – ROY JOHNSON

CITY MANAGER

JOSEPH FORTE

CITY ATTORNEY

SCOTT SIMPSON, ESQ.

DIRECTOR OF FINANCE

STELLA GURNEE

Prepared by:
Holly Hill Finance Department



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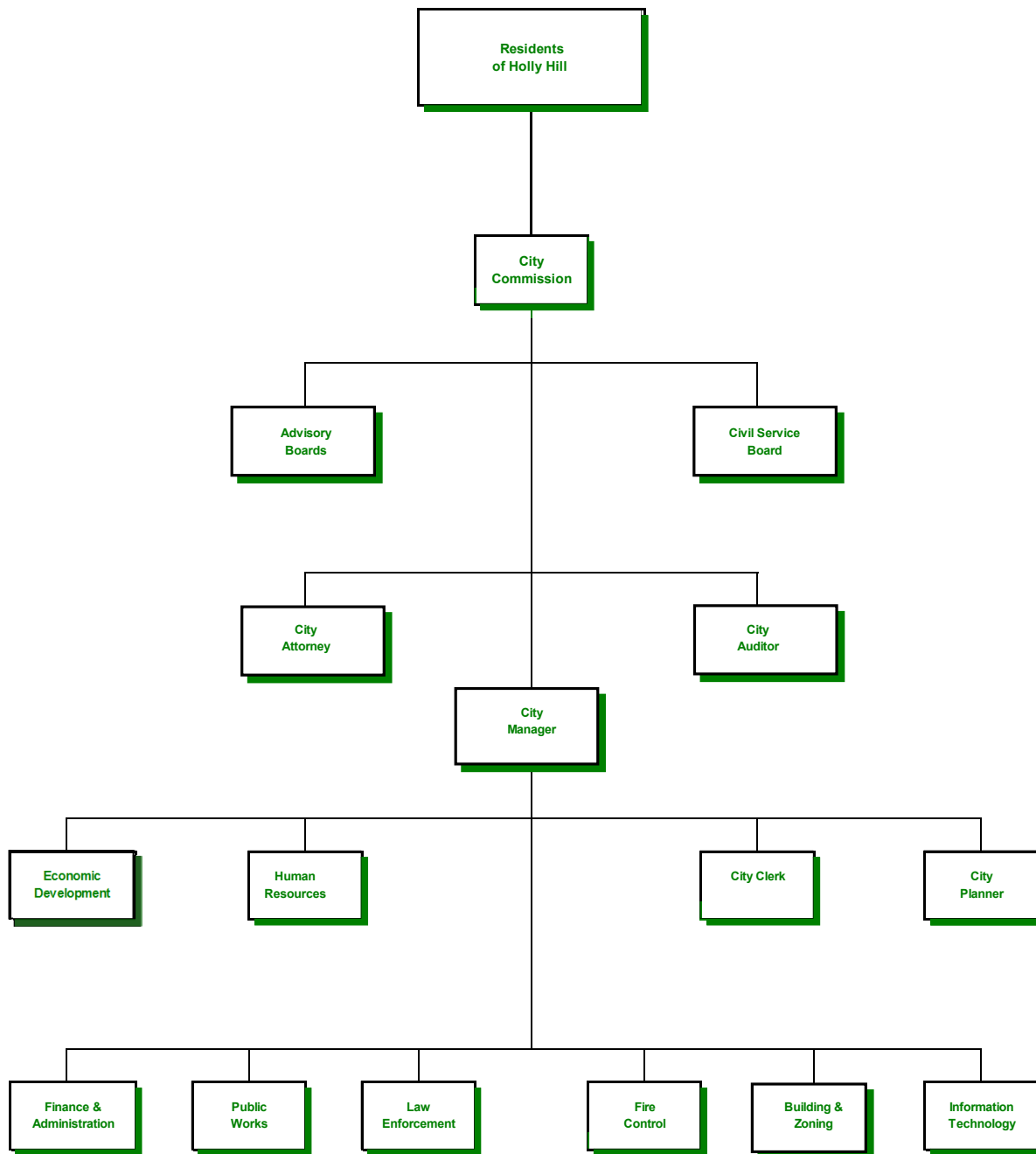
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**CITY OF HOLLY HILL
ORGANIZATION CHART
2018 - 2019**





May 5, 2020

To the Honorable Mayor and City Commissioners, and
City of Holly Hill, Florida

City Charter and State law requires that all general-purpose local governments publish a complete set of financial statements presented in conformity with the generally accepted accounting principles in the United States of America (GAAP) and that they be audited in accordance with generally accepted auditing standards in the United States of America by a firm of licensed certified public accountants. Pursuant to the requirement, it is with great pleasure that we present to the City of Holly Hill, the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30th, 2019.

This report consists of management's representations concerning the finances of the City of Holly Hill. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Holly Hill has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Holly Hill's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Holly Hill's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

BMC CPAs, Inc., a firm of licensed certified public accountants, has issued an unmodified opinion on the City of Holly Hill's financial statements for the fiscal year ended September 30, 2019. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Profile of Government

The City of Holly Hill, incorporated in 1901, is located in east central Florida on the west bank of the Halifax River. The City of Holly Hill has operated under the commission-manager form of government since 1901. The City Manager is responsible for carrying out the policies and ordinances of the City Commission, for overseeing the day-to-day operations of the City and for appointing the heads of various departments. In addition to supervising the daily operations, the City Manager works with elected officials, committees and citizens to plan for the future of the community.

The City of Holly Hill currently occupies a land area of 3.96 square miles. The City of Holly Hill is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the City Commission.

The City of Holly Hill provides a full range of services, including police, fire and rescue, street construction and maintenance, planning and zoning, parks and recreation, cultural events, and general administrative services. In addition, water and sewer service, storm water management services and solid waste collection are provided under an Enterprise Fund concept with user charges established by the City Commission to ensure adequate coverage of operating expenses and payments on outstanding debt. The City of Holly Hill provides water and sewer service outside the city limits, including to the City of Ormond Beach, City of Daytona Beach and certain unincorporated parts of Volusia County. The City of Holly Hill contracts with private enterprise for solid waste collection.

Local Economy

The City of Holly Hill is showing signs of recovering from the recession. The local area unemployment rate decreased from 3.4 percent in FY 2018 to 3.2 percent in FY 2019, which is slightly higher than the state unemployment rate of 3.0 percent. The opportunity for additional growth still exists in an already dynamic business and industrial community. The City is actively encouraging new and expanded business development in core commercial areas by providing assistance whenever possible through its Community Redevelopment Area.

Financial Planning and Budgeting

The City continued to stress expenditure control in preparing the FY2019 General Fund budget. The City ad valorem millage rate for FY2019 was 6.50, which was 1.38% more than the rolled-back rate. The millage rate of 6.50 was a result of increased property taxable value of 9.7% due to an increase in property assessments and new construction.

The City adopts a five-year capital improvement plan that identifies future funding needs to maintain, repair and upgrade capital assets and infrastructure including road resurfacing, water line upgrades and vehicle and technology replacement programs within the funding constraints. It should be noted; however, that the CIP is not a fixed document but a flexible, evolutionary document that may change to reflect changing priorities, opportunities, costs, or different financing approaches.

Relevant Financial Policies

The City Commission recognizes that maintaining a prudent level of unreserved fund balance is necessary to protect the city against reducing service levels, emergencies or natural disasters, unanticipated economic downturns, or unpredicted one-time expenditures. They also provide flexibility to respond to unexpected opportunities. Credit rating agencies also monitor levels of fund balance to evaluate a government's continued credit worthiness. To address these issues, the City Commission adopted a revised Fund Balance Policy in 2018 to maintain an unreserved fund balance in all major operating funds (General Fund, Water and Sewer, Solid Waste and Stormwater) equivalent to a minimum of 90 days operating expenses.

The City Commission also recognized the importance an investment policy to set forth the investment objectives and parameters for the management of the funds of the City of Holly Hill. This Investment Policy was adopted in 2018 and is designed to ensure the prudent management of public funds, the availability of operating and capital funds, and a competitive investment return.

Budgeting Controls

The annual budget serves as the foundation for the City of Holly Hill's financial planning and control. All departments of the City of Holly Hill are required to submit requests for appropriation to the City Manager by early April. Requests for personnel and Capital Improvements must be submitted in May. The City Manager uses these requests as the starting point for developing a proposed budget. Budget workshops are held in June and July. In late July, the city commission sets a proposed millage rate by resolution. The City Manager presents the proposed budget to the commission at the first public hearing in September. The commission is required to hold two public hearings on the proposed budget and to adopt a final budget no later than September 30, the close of the City of Holly Hill's fiscal year. The appropriated budget is prepared by fund, function and department. The City Manager may make transfers of appropriations within and between divisions and departments; however, any revisions that alter the total appropriations of any funds must be approved by City Commission. Original and final amended budget-to-actual comparisons are provided in this report for each individual governmental fund.

Certificate of Achievement Award

The Government Finance Officers' Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Holly Hill, for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2018. This was the forty-first consecutive year that the City of Holly Hill has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department. Each member of the department has our sincere appreciation for the contribution they made in preparation of this report.

In closing, special thanks to the Mayor and City Commission for their support and commitment to maintaining the financial integrity and sustainability of the City.

Respectfully Submitted,



Joe Forte
City Manager



Stella Gurnee
Finance Director

CERTIFICATE OF ACHIEVEMENT
For the Year Ended September 30, 2019
CITY OF HOLLY HILL, FLORIDA



Government Finance Officers Association

**Certificate of
Achievement for
Excellence in
Financial
Reporting**

Presented to

**City of Holly Hill
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Executive Director/CEO

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor, and
Members of the City Commission
City of Holly Hill, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Holly Hill, Florida (the "City"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and community redevelopment trust special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the required Schedules of Change in Total OPEB Liability and Change in Sponsor's Total OPEB Liability, the required Supplementary Schedule of Proportionate Share of Net Pension Liability and Schedule of Contributions – FRS Plan, Schedule of Proportionate Share of Net Pension Liability and Schedule of Contributions – HIS Plan, Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of Employer and Other Contributing Entity Contributions – Police Officers' Retirement Trust Fund, and Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of Employer and Other Contributing Entity Contributions – Firefighters Retirement System, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and budgetary comparisons, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual major and nonmajor fund financial statements and budgetary comparisons are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and budgetary comparisons are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

BMC CPAs

May 5, 2020



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MANAGEMENT'S DISCUSSION AND ANALYSIS

As financial management of the City of Holly Hill, Florida, (hereinafter referred to as the "City"), we offer the readers of these basic financial statements this narrative overview and analysis of the City's financial activities for the fiscal years ended September 30, 2019 and 2018. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with our letter of transmittal found in the preceding introductory section, and the City's financial statements, which follow this information. The City presents prior year comparative financial information when applicable and meaningful.

Financial Highlights

- The City's financial position has changed as a result of the current year's operations. Overall combined assets and deferred outflows of resources of the City totaled \$ 86.2 million at the close of the 2019 fiscal year, compared to \$81.3 million at the close of 2018. Total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately \$51.7 million (*combined net position*) compared with \$46.7 million one year earlier. The unrestricted component of the City's combined net position totaled \$12.7 million at year end. This represents the unrestricted amount available to be used to meet the City's ongoing obligations to its citizens and creditors.
- Net position of the City's governmental activities slightly increased for the year and totaled \$24.1 million, an increase of \$3.4 million above last year's \$20.7 million. Net position of its business-type activities totaled \$27.7 million, an increase of \$1.6 million over last year's \$26.1 million.
- During 2019, the City's combined governmental activities operating expenses totaled \$12.2 million (\$9.6 million in 2018), which was \$3.8 million above the \$8.3 million generated in governmental program charges, grants, contributions, taxes, other revenues and transfers for providing its various governmental program activities and programs.
- The City's business-type activities produced net income before contributions and transfers of \$1.3 million in 2019 (compared to \$2.7 million for 2018) based on consumptive water/sewer/solid waste utility sales of \$11.1 million (\$10.4 million in 2018). The operating margins in these funds continue to be capable of providing financial support to the City's governmental funds. Net operating transfers to governmental activities funds totaled \$1.1 million in 2018. In 2019 no transfers were made from Proprietary funds to the City's governmental funds, however the proprietary funds were charged for direct services provided by the City's governmental funds in the amount of \$1.6 million.
- Total operating costs incurred by the City in providing all of its various programs increased to \$22.0 million in 2019, compared to \$17.4 million in 2018. Operating expenses in 2019 totaled \$12.2 million and \$9.8 million for the City's governmental activities and business-type activities, respectively.
- Unassigned fund equity in the General Fund increased by \$53,070 and totaled \$2.22 million at the end of 2019, compared to \$2.17 million at the end of 2018. Resources earned and available for appropriation in the current year were \$10.1 million, which is 5.5% below the revised anticipated General Fund's revenues operating budget. General Fund expenditures of \$8.0 million were 9.2%, or \$819,522, below the City's revised appropriations for the year.
- The City's net long-term debt outstanding increased by \$141,529 during the current fiscal year from an increase in compensated absences and pension liabilities offset by a decrease in bonds and notes payable.

- The City's net pension liability totaled \$5.86 million, net of deferred outflows of \$1.3 million and deferred inflows of \$0.376 million at the end of 2019, as compared to \$5.16 million, net of deferred outflows of \$1.1 million and deferred inflows of \$0.522 million at the end of 2018.

Overview of the Financial Statements

The City's financial statements are comprised of three parts: 1) management's discussion and analysis, 2) the basic financial statements (including government-wide financial statements, fund financial statements, and notes to the financial statements), and 3) required supplementary information, including budgetary comparisons and other selected financial and fiduciary fund data.

Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to the basic financial statements and required supplementary information. The MD&A represents management's examination and analysis of the City's financial condition and financial performance as a whole. Summary financial statement data, key financial and operational indicators used in the strategic plan, budget, and other management tools were used for this analysis.

The basic financial statements include two kinds of statements that present different views of the City. The first two statements consist of entity-wide financial statements that provide both the short- and long-term financial information about the City's overall financial status, including its governmental activities and its business-type activities. These statements report information about the City using full accrual accounting methods and economic resources focus as utilized by similar business activities in the private sector. Information concerning all of the City's assets and liabilities, both financial and capital, and short-term and long-term debt are included. Likewise, all revenues and expenses received during the year, regardless of when cash is received or paid are reported. However, rate-regulated accounting principles applicable to private sector utilities are not used by governmental utilities. The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide financial statements. The governmental fund statements tell how general government services like public safety were financed in the short-term as well as what remains for future spending. Proprietary fund statements offer short-term and long-term financial information about the activities the government operates like businesses, such as the City's water and sewer utility and solid waste collection system. Fiduciary fund statements provide information about the financial relationships in which the City acts solely as a trustee or agent for the benefit of others (like the retirement plans for the City's employees), to whom the resources in question belong.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. The basic financial statements of the City include a statement of net position and a statement of activities, which are described as follows:

- A statement of net position presents information on all of the City's assets and liabilities at the end of its fiscal year, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the City's financial position is improving or deteriorating. Net position increases when revenues exceed expenses. Increases to assets without a corresponding increase to liabilities results in increased net position, which indicates an improved financial condition.
- The statement of activities presents the results of business operations over the course of the fiscal year and information as to how the City's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items

that will only result in cash flows in future fiscal periods (e.g., delinquent taxes and earned but unused personal leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government services, public safety (police, fire and building inspection), highways and streets, economic development, and recreation and leisure services. The business-type activities of the City include its water and sewer utility, stormwater management, and solid waste utility operations.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds - not the City as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. These funds are reported using the modified accrual accounting method, which measures cash and all other financial assets that can be readily converted into cash. Such information is useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations can be found on pages 31 and 33.

The City maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Community Redevelopment Agency (special revenue) Fund, both of which are considered to be major funds. Data from the four other governmental funds are combined into a single, aggregated presentation and include the remainder of the City's special revenue and capital projects funds. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriations budget for each of its governmental funds in accordance with state statutes. Budgetary comparison statements have been provided for each fund to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 30 to 37 of this report.

Proprietary funds. The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Enterprise funds are used to account for the fiscal activities of the City's municipal water and sewer utility fund, the stormwater management utility, and solid waste utility fund operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various departments and cost functions.

Proprietary fund financial statements, like the government-wide statements, provide both long- and short-term financial information. The proprietary fund financial statements provide separate financial information for the water and sewer utility, stormwater management utility, and solid waste utility operations, all of which are considered to be major funds of the City. The basic proprietary fund financial statements can be found on pages 38 to 43 of this report.

Fiduciary funds. The City is the trustee, or fiduciary, for its employees' pension plans. Fiduciary funds are used to account for resources held for the benefit of parties outside the government and are separately reported in the statements of fiduciary net position and changes in fiduciary net position. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. Rather, the City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The basic fiduciary fund financial statements can be found on pages 44 to 45 of this report.

Notes to the Financial Statements. The financial statements also include notes which provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the City's significant accounting policies, account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any. The notes to the financial statements can be found on pages 47 to 94 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide certain pension benefits and information that further explains and supports the information in the financial statements. Required supplementary information can be found on pages 95 to 121 of this report.

Government-Wide Financial Analysis of the City as a Whole

Net Position. As noted previously, net position may serve over time as a useful indicator of a government's financial position. This year, the City's combined net position increased to \$51.7 million at the end of 2019 from \$46.7 million in 2018. Looking at the net position of the City's governmental and business-type activities separately, we can see that the City experienced increases in the net position of its government activities of \$3.4 million and an increase in its business-type activities of \$1.6 million.

Net position of the City's governmental activities totaled \$24.1 million and \$20.7 million at the end of the 2019 and 2018 fiscal years, respectively. At the end of 2019, all combined amounts represent net position that is primarily restricted as to the purposes they can be used for, or its net investment in capital assets (land, buildings, improvements and equipment which is reported net of related debt expended for such acquisitions). The City's reported unrestricted net position is \$419,820, compared to a deficit of \$1.4 million at the end of 2018.

Net position of the City's business-type activities totaled \$27.7 million and \$26.1 million at the end of the 2019 and 2018 fiscal years, respectively. At the end of 2019, approximately 55.5% of its total net position (\$15.4 million) reflects its net investment in capital assets, amounts restricted for the payment of long-term debt, and impact fee collections that are restricted for future utility plant expansion. While the City has

\$12.3 million in unrestricted net position, a significant portion (\$5.5 million) of this total is internally designated for capital improvements.

Capital assets maintained in the business-type activities are used to provide water and sewer utility services, stormwater management services, and solid waste utility services to the City's utility customers; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that under normal circumstances the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Long-term debt obligations, including current maturities, associated with this capitalization totaled \$13.4 million at the end of 2019 (\$15.1 million at the end of 2018). At the end of the current and prior fiscal years, the City reports positive balances in all three categories of net position, both for the government as a whole, and for its separate governmental and business-type activities.

The following is a comparative summary of net position at year end:

Net Position September 30, 2019 and 2018						
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Assets:						
Current and other assets.....	\$ 17,591,190	\$ 13,555,551	\$ 17,928,294	\$ 17,351,312	35,519,484	30,906,863
Capital assets, net.....	22,380,506	21,758,476	26,675,105	27,007,782	49,055,611	48,766,258
Total assets	<u>39,971,696</u>	<u>35,314,027</u>	<u>44,603,399</u>	<u>44,359,094</u>	<u>84,575,095</u>	<u>79,673,121</u>
Deferred outflows of resources.....	<u>1,264,136</u>	<u>1,078,531</u>	<u>400,643</u>	<u>537,021</u>	<u>1,664,779</u>	<u>1,615,552</u>
Liabilities:						
Long-term debt outstanding.....	5,470,000	6,185,000	13,339,682	15,058,772	18,809,682	21,243,772
Net pension liabilities.....	5,863,125	5,161,982	1,295,687	1,143,714	7,158,812	6,305,696
Other liabilities.....	<u>5,471,960</u>	<u>3,840,864</u>	<u>2,559,690</u>	<u>2,501,832</u>	<u>8,031,650</u>	<u>6,342,696</u>
Total liabilities	<u>16,805,085</u>	<u>15,187,846</u>	<u>17,195,059</u>	<u>18,704,318</u>	<u>34,000,144</u>	<u>33,892,164</u>
Deferred inflows of resources.....	<u>375,941</u>	<u>522,902</u>	<u>143,007</u>	<u>140,537</u>	<u>518,948</u>	<u>663,439</u>
Net Position:						
Net investment in capital assets....	16,960,577	15,573,476	13,388,581	11,767,034	30,349,158	27,340,510
Restricted.....	6,674,409	6,507,029	2,019,176	2,742,943	8,693,585	9,249,972
Unrestricted	<u>419,820</u>	<u>(1,398,695)</u>	<u>12,258,219</u>	<u>11,541,283</u>	<u>12,678,039</u>	<u>10,142,588</u>
Total net position	<u>\$ 24,054,806</u>	<u>\$ 20,681,810</u>	<u>\$ 27,665,976</u>	<u>\$ 26,051,260</u>	<u>\$ 51,720,782</u>	<u>\$ 46,733,070</u>

Changes in Net Position. While the statement of net position shows a snapshot of the City's financial position at the end of the fiscal year, the statement of changes in net position provides answers as to the nature and sources of those changes. During 2019, the City's overall total revenues increased by \$6.1 million and the combined net position increased \$4.987 million. This increase in net position is due to a significant increase in revenues offset by an increase in expenses. During 2018, the City's combined net position increased \$3.5 million, while the City's overall gross revenues increased \$0.275 million.

Overall, approximately 14.6% of the City's combined total revenues of \$26.9 million come from property taxes, while almost 9.3% of all other dollars raised comes from some source of other taxes collected by the City. Unrestricted intergovernmental revenues (those received from other governments) amounts to approximately 1.8% of the City's revenues. Another 54.8% comes from fees charged for services, while the remaining 19.5% is a combination of state and federal financial assistance, operating and capital grants and donations, interest and other earnings.

The following is a comparative summary of changes in net position for 2019 and 2018:

Changes in Net Position Fiscal Year Ended September 30, 2019 and 2018							
	Governmental Activities		Business-Type Activities		Total		
	2019	2018	2019	2018	2019	2018	
Revenues:							
Program revenues:							
Charges for services.....	\$ 3,703,688	\$ 1,606,665	\$ 11,071,253	\$ 10,400,119	\$ 14,774,941	\$ 12,006,784	
Operating grants/other.....	4,476,544	1,567,327	-	-	4,476,544	1,567,327	
Capital grants/other.....	137,050	136,236	119,880	-	256,930	136,236	
General revenues:							
Property taxes.....	3,943,344	3,872,175	-	-	3,943,344	3,872,175	
Other taxes.....	2,519,914	2,502,832	-	-	2,519,914	2,502,832	
Intergovernmental.....	474,129	459,288	-	-	474,129	459,288	
Other revenues.....	282,039	212,459	223,015	114,986	505,054	327,445	
Gain (loss) on asset disposal..	-	-	-	-	-	-	
Total revenues.....	<u>15,536,708</u>	<u>10,356,982</u>	<u>11,414,148</u>	<u>10,515,105</u>	<u>26,950,856</u>	<u>20,872,087</u>	
Expenses:							
General government.....	2,736,783	2,728,813	-	-	2,736,783	2,728,813	
Public safety.....	4,748,821	4,667,120	-	-	4,748,821	4,667,120	
Physical environment.....	29,941	23,508	-	-	29,941	23,508	
Transportation.....	1,086,869	579,611	-	-	1,086,869	579,611	
Economic environment.....	2,175,644	451,029	-	-	2,175,644	451,029	
Culture/recreation.....	1,247,997	1,023,115	-	-	1,247,997	1,023,115	
Interest on long-term debt.....	137,657	145,263	-	-	137,657	145,263	
Water and sewer utilities.....	-	-	6,322,089	5,148,419	6,322,089	5,148,419	
Stormwater management.....	-	-	1,002,275	740,597	1,002,275	740,597	
Solid waste utilities.....	-	-	2,475,068	1,856,159	2,475,068	1,856,159	
Total expenses.....	<u>12,163,712</u>	<u>9,618,459</u>	<u>9,799,432</u>	<u>7,745,175</u>	<u>21,963,144</u>	<u>17,363,634</u>	
Excess before transfers.....	3,372,996	738,523	1,614,716	2,769,930	4,987,712	3,508,453	
Transfers in (out).....	-	1,131,539	-	(1,131,539)	-	-	
Change in net position.....	3,372,996	1,870,062	1,614,716	1,638,391	4,987,712	3,508,453	
Net position-beginning.....	20,681,810	19,342,159	26,051,260	24,624,292	46,733,070	43,966,451	
Change in accounting for OPEB.....	-	(530,411)	-	(211,423)	-	(741,834)	
Net position-beginning, as restated..	<u>20,681,810</u>	<u>18,811,748</u>	<u>26,051,260</u>	<u>24,412,869</u>	<u>46,733,070</u>	<u>43,224,617</u>	
Net position-end of year.....	<u>\$ 24,054,806</u>	<u>\$ 20,681,810</u>	<u>\$ 27,665,976</u>	<u>\$ 26,051,260</u>	<u>\$ 51,720,782</u>	<u>\$ 46,733,070</u>	

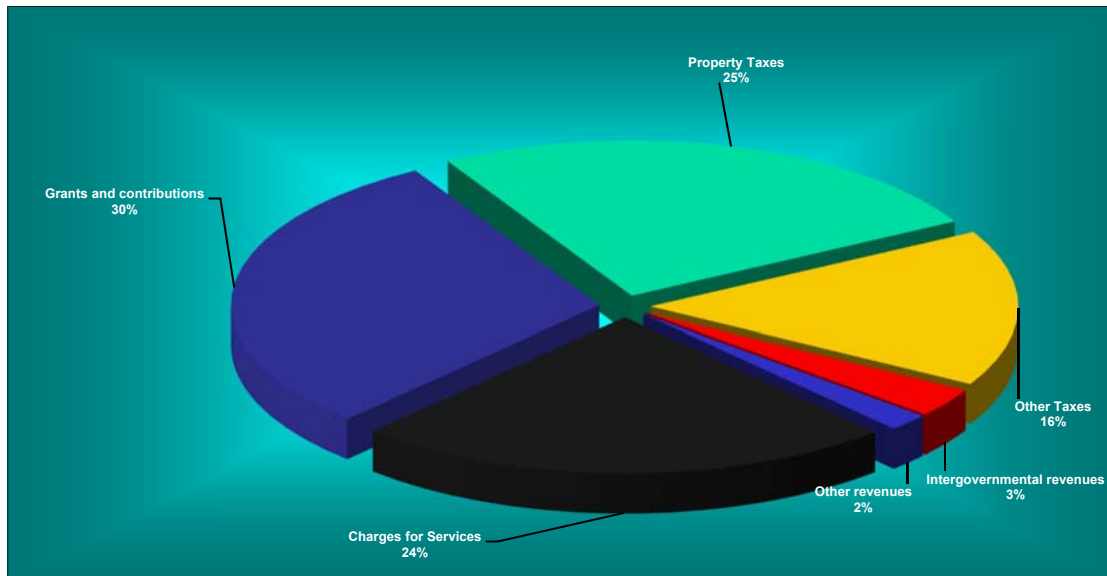
Governmental Activities

Total revenue for the City's governmental activities increase significantly in 2019. Overall, the City's governmental revenue totaled \$15.5 million, which represents an increase of \$5.2 million, or 50.4% increase from last year's reported governmental revenues of \$10.3 million. Amounts received from charges for services increased by 130% due to the internal administrative activities provided by governmental funds and charged to enterprise funds. Previously these charges were shown as transfers. Property taxes increased 2% over amounts recognized in the prior year. Amounts received from operating and capital grants increased by 171% during 2019 and totaled \$4.6 million, compared to \$1.7 million in the prior year. Amounts received from shared sales taxes, public service taxes, and other unrestricted intergovernmental sources remained relatively flat with a slight increase from \$2.96 million to \$2.99 million in 2019, primarily from increases in the local business economy resulting in increased local business tax collections and state shared revenues.

While the City's other revenues increased slightly, amounts earned from the assessment of ad valorem taxes remained stable with an increase of \$0.071 million, or 1.8% above amounts earned one year earlier. Ad valorem taxes totaling \$3.94 million were earned in 2019, compared to \$3.87 million earned in the prior year. The ad valorem millage rate for operating purposes was 6.50 mills a decline when compared to 2018 rate of 6.8949 mills.

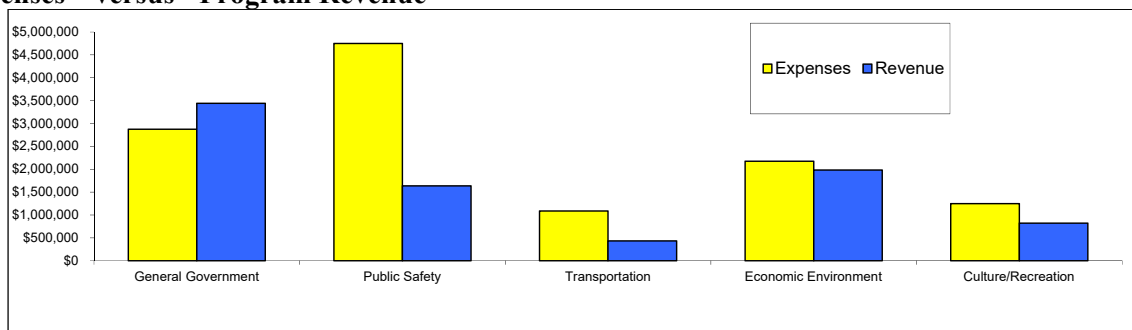
The following is a summary of the City's governmental revenues by source:

Revenues by Source – Governmental Activities



An individual comparison of the City's functional program revenues and costs of providing program services to its citizens is useful in identifying the programs, and the extent of which each are dependent on taxes and other non-exchange revenues to subsidize their program operations. They are listed in the following graph:

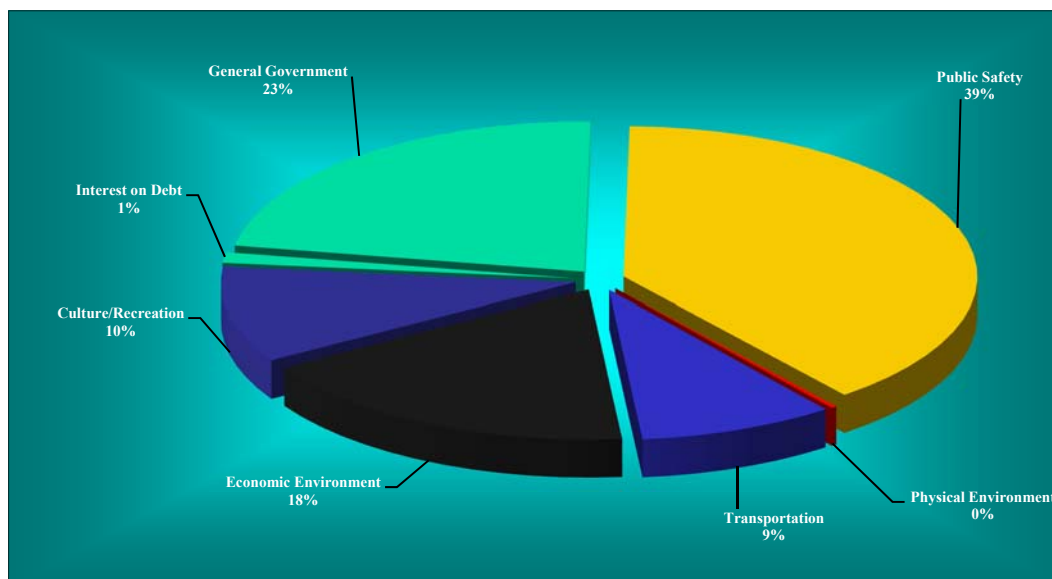
Expenses – versus - Program Revenue



Combined governmental activities expenses totaled \$12.16 million, which represents an increase of \$2.5 million above last year's expenses of \$9.6 million.

The following is a summary of the City governmental expenses by function:

Expenses by Function - Governmental Activities



Business-type Activities

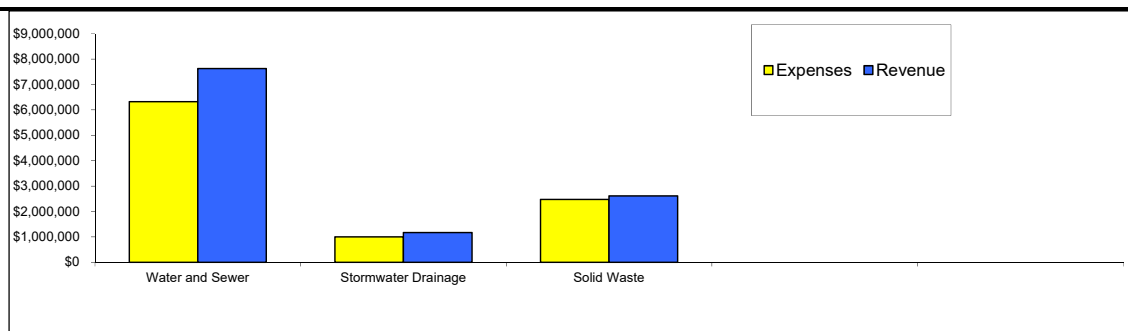
Business-type activities reported an increase in the City's net position of \$1.6 million in 2019, compared to an increase of \$1.6 million in 2018. Overall, net position from the City's business-type activities (\$27.6 million) accounts for approximately 53.5% of the City's combined net position at September 30, 2019.

The major sources of operating revenue for the City's business-type activities include charges for services for water and sewer utilities of \$7.3 million, stormwater management fees of \$1.2 million and solid waste utilities of \$2.6 million. Combined operating revenues from these three activities increased in 2019 and totaled \$11.1 million, compared to \$10.4 million in the prior year. Investment earnings increased in 2019 and totaled \$167,507 compared to \$82,286 one year earlier; this increase is in part due to the changes in investment strategies. Rental income from the leasing of land for cellphone towers increased to \$55,508 compared to \$32,700 in 2018. Capital contributions increased in the water and sewer utility fund in 2019 and totaled \$119,880, compared to none in 2018. As a cost control measure, the City continues to contract its solid waste operations with an outside contractor and has done so since 1999.

Total expenses of the City's combined business-type activities totaled \$9.8 million in 2019, compared to \$7.7 million in 2018. During 2019, this increase was primarily attributable to increased cost of services within the City's utilities.

A comparison of the City’s functional program revenues and costs of providing business-type services to its customers in fiscal year 2019 is useful in identifying the capabilities of producing revenues sufficient to operate their programs. They are presented in the following graph:

Expenses and Program Revenues – Business-type Activities



Financial Analysis of the City’s Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Information is helpful in assessing the City’s financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

As the City completed the current fiscal year, its governmental funds reported combined fund balances of \$17.4 million, which was \$3.9 million more than the \$13.5 million reported at the end of 2018.

Approximately 17% of the \$13.1 million in total fund balances, totaling \$2.2 million, constitutes unassigned fund balance, which is generally available for spending at the government’s discretion. The remainder of fund balance is separately reported to indicate that it is not available for spending because it is 1) Non-Spendable - fund balances totaling \$17,217 are invested in nonspendable assets such as inventories and prepaid expenses, 2) Restricted - fund balances totaling \$6.3 million are restricted from externally imposed sources or enabling legislation, 3) Committed - fund balances totaling \$2.3 million are set aside pursuant to formal constraints imposed by the City Commission, and 4) Assigned - fund balances totaling \$2.2 million are constrained by the City, as it intended to be used for next year’s budgetary purposes.

The general fund is the chief operating fund of the City. As of September 30, 2019, the unassigned fund balance in the general fund totaled \$2.2 million, compared to \$2.2 million at the end of 2018. As a measure of the general fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 27.5% of total general fund expenditures of \$7.99 million, while total fund balance represents 61.7% of that same amount. City Commission has established a minimum target threshold of 20% in unreserved funds compared to General Fund expenditures.

Fund balance in the general fund has increased by \$238,478 during the current fiscal year. This fund balance increase was attributed to the increase in revenues when compared to the prior year. Fund balances for the Community Redevelopment Agency fund, the CRA Debt Service funds, and the CRA Capital

Projects fund were merged in 2018 to streamline accounting functions of the City. Their combined fund balances increased by \$75,251 in 2019 from \$5.4 million to \$5.5 million due to revenue increases. All non-major governmental funds, with the exception of the Capital Projects fund which increased by \$1.5 million, remained stable for the year.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position in the Water and Sewer Fund at the end of the current fiscal year amounted to \$5.1 million, compared to \$4.6 million one year earlier. Combined net position of the fund totaled \$16.9 million at year end.

Unrestricted net position in the Stormwater Management Fund increased in 2019 and totaled \$2.5 million at the end of the year, compared to \$2.3 million at the beginning of the year. Combined net position totaled \$5.9 million at year end.

Unrestricted net position in the Solid Waste Fund totaled \$4.7 million at the end of 2019, compared to \$4.5 million at the beginning of the year. Combined net position totaled \$4.7 million at year end. The increase is due to the accumulation of net income during the year.

A change in the vendor providing contracted services for Solid Waste removal in the previous year resulted in a slight increase in contractual services expense over the two year period. No other significant changes were recognized in the providing of full-service utility services to City customers in 2019.

Capital Assets and Debt Administration

Capital Assets. At September 30, 2019 and 2018, the City's investment in capital assets for its governmental and business type activities totaled \$49.1 million and \$48.8 million, respectively. These amounts are stated net of accumulated depreciation. This investment in capital assets, net of depreciation, for all activities is reflected in the following schedule:

Capital Assets						
September 30, 2019 and 2018						
	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land.....	\$ 3,473,406	\$ 3,473,406	\$ 695,651	\$ 695,651	\$ 4,169,057	\$ 4,169,057
Construction work in progress..	7,487,932	6,782,316	1,154,872	105,674	8,642,804	6,887,990
Buildings.....	2,871,439	2,978,316	3,129,880	3,298,085	6,001,319	6,276,401
Improvements other than buildings.....	3,147,711	3,230,673	17,110,854	18,292,581	20,258,565	21,523,254
Machinery and equipment.....	1,281,698	958,410	1,128,601	922,935	2,410,299	1,881,345
Infrastructure.....	<u>4,118,320</u>	<u>4,335,355</u>	<u>3,455,248</u>	<u>3,692,856</u>	<u>7,573,568</u>	<u>8,028,211</u>
Net total.....	<u>\$ 22,380,506</u>	<u>\$ 21,758,476</u>	<u>\$ 26,675,106</u>	<u>\$ 27,007,782</u>	<u>\$ 49,055,612</u>	<u>\$ 48,766,258</u>

Additional information on the City's capital assets can be found in Note 9 to the financial statements.

Long-term Debt. At year end, the net carrying value of the City's bonds, notes and other long-term obligations outstanding totaled \$29.8 million, of which \$18.4 million is secured solely by a mix of specified revenue sources. The City's long-term debt for all activities is reflected in the following schedule:

Outstanding Long-Term Debt						
September 30, 2019 and 2018						
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenue notes.....	\$ 5,470,000	\$ 6,185,000	4,746,301	5,508,772	10,216,301	11,693,772
Revenue bonds.....	-	-	8,255,000	9,550,000	8,255,000	9,550,000
Capital Lease Payable.....	-	-	338,381	-	338,381	-
Net postemployment obligation.....	1,889,548	1,896,986	668,969	671,934	2,558,517	2,568,920
Compensated absences.....	1,056,159	893,735	279,214	318,852	1,335,373	1,212,587
Net pension liability.....	5,863,125	5,161,982	1,295,687	1,143,714	7,158,812	6,305,696
Net total.....	<u>\$ 14,278,832</u>	<u>14,137,703</u>	<u>15,583,552</u>	<u>17,193,272</u>	<u>29,862,384</u>	<u>31,330,975</u>

The City has two outstanding revenue notes payable (Series 2012 and Series 2013) from its governmental activities in the aggregate amount of \$5.47 million at year end. The proceeds of the Series 2012 obligation were used to refinance an existing (Series 2005) revenue note. The proceeds of the Series 2013 obligation will be used exclusively to fund capital improvement projects in the City's Community Redevelopment Agency. These notes are payable in semi-annual installments through 2026, both of which are secured by revenues generated exclusively from the CRA tax increment financing district.

The City has four outstanding water and sewer system improvement revenue bond obligations (Series 2005, 2011, 2012 and 2013) in the aggregate amount of \$8.2 million at year end. The proceeds of these parity bonds were used to finance improvements to the City's water and sewer utility system and to refund previously issued bonds outstanding for this same purpose. These bonds are payable from revenues generated from the water and sewer system and are payable serially through 2022 (Series 2012), 2023 (Series 2013), 2025 (Series 2005), and 2030 (Series 2011).

The City also has four low-interest rate revenue note obligations payable to the State of Florida, Department of Environmental Protection State Revolving Fund Loan Program totaling \$4.7 million in aggregate, at year end. The proceeds of the FDEP loan issued in 1998 (\$308,787 currently outstanding), the FDEP loan issued in 2005 (\$281,327 currently outstanding), and the FDEP loan issued in 2007 (\$2.8 million currently outstanding) were used to finance the construction of wastewater infiltration and inflow correction facilities. The proceeds of the FDEP loan issued in 2001 (\$1.3 million currently outstanding) were used to finance construction of needed stormwater drainage improvements. These notes, which are subordinate to the bonds described above, are secured by the City's water and sewer utility and stormwater utility revenues, respectively, and are payable in varying amounts through 2029.

Other components of the City's outstanding long-term debt include Other Post-Employment Benefits (OPEB), Compensated Absences and Net Pension Liability (NPL). The city experienced a slight decrease in its net postemployment obligation for 2019 (\$2.558 million) compared to 2018 (\$2.568 million). Compensated absences increased to \$1.33 million from \$1.21 million in 2018. The City's Net Pension liability increased by \$.853 million in 2019 and totaled \$7.158 million as compared to \$6.305 million in 2018.

Additional information on the City's long-term debt can be found in Note 11 to the financial statements.

Significant Budget Differences – General Fund

At the beginning of fiscal year 2019, the City budgeted to a \$1.3 million loan from the Solid Waste Fund to the General Fund for funding cash needs for operations due to the unreimbursed expenditures for Hurricane Matthew. These Hurricane expenditures occurred in Fiscal year 2017 and were not reimbursed by FEMA before the end of fiscal year 2019. The City has received significant FEMA reimbursements for this event subsequent to the fiscal year end. We expect this loan to be repaid by the end of fiscal year 2020. The actual loan has been reclassified as a liability but for budgeting purposes was shown as a revenue.

Next Year's Budgets and Rates

The City Commission adopted a conservative budget for Fiscal Year 2020. The proposed budget contains many ambitious work plan objectives that are intended to address the highest priorities in the community and the goals of the City Commission. This budget also has significant capital projects forecasted that will be placed on hold until additional reimbursements from FEMA are received. The proposed General Fund budget for Fiscal Year 2020 includes the following assumptions:

- Year 2 of 3 of the Evergreen Salary Study Implementation.
- Operated Internal Service funds for Fleet and IT. The internal service fund for Insurance was closed because no additional value was derived from this method of Accounting for this activity. The City's Insurance services are contracted to a third party provider.
- Modest increases in operating expenditures consistent with the revenue forecasts.
- Maintenance of service levels and programs to the extent possible and minimal reductions in service levels where appropriate.
- Grant awards to replace piers, docks and ramps and other park improvements.
- Continuing with the undergrounding utilities of our US 1 corridor.
- Ross Point Park restroom construction and playground improvements.
- Public Works Complex building addition.
- Implementation of new utility fees based on the Utilities rate study developed by Stantec.

The City increased utility fees by approximately 5.5% to maintain a revenue sufficiency level adequate to fund upcoming operating and capital requirements, as recommended by the utility rate study. Many factors are considered each year by the City Commission in its efforts to establish an operating budget, to evaluate its personnel needs, and to develop uniform user fees that are reasonable, and more importantly, capable of cost recovery. Some of the major factors considered in this process are the local economy, civilian labor force, unemployment rates, and inflation rates. In considering all of these factors, the City Commission was able to reduce the millage rate to 6.25 mills.

Requests for Information

This financial report is designed to provide a general overview of the City of Holly Hill's finances for those with an interest in your government. Questions concerning any of the information provided in this report should be addressed to the office of the Finance Director, City of Holly Hill, Florida, 1065 Ridgewood Avenue, Holly Hill, Florida 32117-2898.

STATEMENT OF NET POSITION
September 30, 2019
CITY OF HOLLY HILL, FLORIDA

Statement 1

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents.....	\$ 14,262,344	14,813,120	29,075,464
Receivables (net).....	405,928	1,110,052	1,515,980
Internal balances.....	(20,812)	20,812	-
Due from other governments.....	2,839,922	119,697	2,959,619
Inventories.....	23,653	127,790	151,443
Due from other funds.....	-	1,320,000	1,320,000
Prepaid expenses.....	80,155	-	80,155
Temporarily restricted-cash and cash equivalents.....	-	416,823	416,823
Capital assets:			
Land and construction in progress.....	10,961,338	1,850,524	12,811,862
Other capital assets, net of depreciation.....	11,419,168	24,824,581	36,243,749
Total assets.....	39,971,696	44,603,399	84,575,095
Deferred Outflows of Resources:			
Deferred outflows on pensions.....	1,264,136	347,485	1,611,621
Deferred charge on refunding.....	-	53,158	53,158
Total deferred outflows of resources.....	1,264,136	400,643	1,664,779
Liabilities:			
Accounts payable and accrued liabilities.....	1,047,819	378,078	1,425,897
Customer deposits and unearned income.....	158,434	1,075,076	1,233,510
Due to other funds.....	1,320,000	-	1,320,000
Payable from Restricted Assets:			
Current maturities of long-term debt.....	-	2,161,171	2,161,171
Accounts payable and accrued liabilities.....	-	158,353	158,353
Bonds, notes, and other noncurrent payables:			
Due or payable within one year.....	918,049	56,799	974,848
Due or payable in more than one year.....	13,360,783	13,365,582	26,726,365
Total liabilities	16,805,085	17,195,059	34,000,144
Deferred Inflows of Resources:			
Deferred inflows on pensions.....	375,941	143,007	518,948
Net position:			
Net investment in capital assets.....	16,960,577	13,388,581	30,349,158
Restricted for:			
Public safety.....	291,560	-	291,560
Community redevelopment projects.....	5,510,643	-	5,510,643
Transportation.....	486,923	-	486,923
Recreation projects.....	26,400	-	26,400
Utility plant expansion.....	-	416,946	416,946
Debt service.....	358,883	1,602,230	1,961,113
Unrestricted (deficit)	419,820	12,258,219	12,678,039
Total net position.....	\$ 24,054,806	27,665,976	51,720,782

The accompanying notes are an integral part of the financial statements.

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended September 30, 2019
CITY OF HOLLY HILL, FLORIDA

		Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
	Expenses			
Primary government:				
Governmental activities:				
General government.....	\$ 2,736,783	3,424,732	15,714	-
Public safety.....	4,748,821	128,104	1,509,322	-
Physical environment.....	29,941	-	-	-
Transportation.....	1,086,869	110,721	186,961	137,050
Economic environment.....	2,175,644	-	1,981,343	-
Culture/recreation.....	1,247,997	40,131	783,204	-
Interest on long-term debt	137,657	-	-	-
Total governmental activities.....	<u>12,163,712</u>	<u>3,703,688</u>	<u>4,476,544</u>	<u>137,050</u>
Business-type activities:				
Water and Sewer.....	6,322,089	7,282,905	-	119,880
Stormwater Management.....	1,002,275	1,172,041	-	-
Solid Waste.....	<u>2,475,068</u>	<u>2,616,307</u>	<u>-</u>	<u>-</u>
Total business-type activities.....	<u>9,799,432</u>	<u>11,071,253</u>	<u>-</u>	<u>119,880</u>
Total primary government.....	<u>\$ 21,963,144</u>	<u>14,774,941</u>	<u>4,476,544</u>	<u>256,930</u>
General revenues:				
Property taxes, levied for general purposes.....				
Property taxes, levied for tax increment district.....				
Sales taxes.....				
Public service taxes.....				
Unrestricted state revenue sharing.....				
Unrestricted intergovernmental revenues.....				
Investment earnings.....				
Miscellaneous revenue.....				
Transfers.....				
Total general revenues and transfers.....				
Change in net position.....				
Net position, beginning of year, as restated.....				
Net position - ending.....				

The accompanying notes are an integral part of the financial statements.

Statement 2

Net Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
703,663		703,663
(3,111,395)		(3,111,395)
(29,941)		(29,941)
(652,137)		(652,137)
(194,301)		(194,301)
(424,662)		(424,662)
<u>(137,657)</u>		<u>(137,657)</u>
<u>(3,846,430)</u>		<u>(3,846,430)</u>
	1,080,696	1,080,696
	169,766	169,766
	<u>141,239</u>	<u>141,239</u>
	<u>1,391,701</u>	<u>1,391,701</u>
<u>(3,846,430)</u>	<u>1,391,701</u>	<u>(2,454,729)</u>
2,774,276	-	2,774,276
1,169,068	-	1,169,068
690,554	-	690,554
1,829,360	-	1,829,360
450,200	-	450,200
23,929	-	23,929
121,730	167,507	289,237
160,309	55,508	215,817
<u>-</u>	<u>-</u>	<u>-</u>
<u>7,219,426</u>	<u>223,015</u>	<u>7,442,441</u>
3,372,996	1,614,716	4,987,712
<u>20,681,810</u>	<u>26,051,260</u>	<u>46,733,070</u>
<u>\$ 24,054,806</u>	<u>\$ 27,665,976</u>	<u>\$ 51,720,782</u>

BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2019
CITY OF HOLLY HILL, FLORIDA

Statement 3

	General	Community Redevelopment Agency	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Cash and cash equivalents.....	\$ 6,467,671	\$ 5,556,152	\$ 2,205,019	\$ 14,228,842
Receivables (net):				
Accounts receivable.....	352,180	1,648	93	353,921
Due from other funds.....	-	-	-	-
Due from other governments.....	2,256,703	-	583,219	2,839,922
Inventories.....	8,130	-	-	8,130
Prepays/deposits.....	9,087	-	-	9,087
Total assets.....	<u>\$ 9,093,771</u>	<u>\$ 5,557,800</u>	<u>\$ 2,788,331</u>	<u>\$ 17,439,902</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable and other current liabilities.....	\$ 746,504	\$ 47,157	\$ 169,532	\$ 963,193
Due to other funds.....	1,320,000	-	-	1,320,000
Deposits/unearned income.....	2,086,391	-	-	2,086,391
Total liabilities.....	<u>4,152,895</u>	<u>47,157</u>	<u>169,532</u>	<u>4,369,584</u>
Fund Balances:				
Nonspendable:				
Prepays/inventories.....	17,217	-	-	17,217
Restricted for:				
Law enforcement.....	4,734	-	110,673	115,407
Fire protection.....	2,599	-	58,575	61,174
Building inspection.....	114,979	-	-	114,979
Transportation.....	362,242	-	124,681	486,923
Community redevelopment.....	-	5,510,643	-	5,510,643
Recreation.....	-	-	26,400	26,400
Committed to:				
Capital projects fund.....	-	-	2,291,412	2,291,412
Assigned to:				
Law enforcement.....	-	-	7,058	7,058
Subsequent year's budget appropriations.....	2,210,612	-	-	2,210,612
Unassigned.....	2,228,493	-	-	2,228,493
Total fund balances.....	<u>4,940,876</u>	<u>5,510,643</u>	<u>2,618,799</u>	<u>13,070,318</u>
Total liabilities and fund balances	<u>\$ 9,093,771</u>	<u>\$ 5,557,800</u>	<u>\$ 2,788,331</u>	<u>\$ 17,439,902</u>

The accompanying notes are an integral part of the financial statements.

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION**

Statement 3A

September 30, 2019

CITY OF HOLLY HILL, FLORIDA

Fund balances - total governmental funds	\$ 13,070,318
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Amounts reported for governmental activities in the statement of net position
are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.....	22,330,435
--	------------

Delinquent tax revenues and other grant revenues deferred in governmental activities are recognized in the period in which they are earned, regardless of the date of their anticipated receipt.....	1,979,965
--	-----------

Deferred outflows and inflows of resources are not available in the current
period and, therefore, are not reported in the governmental funds.

Deferred outflows and inflows of resources at year end consist of:

Deferred Outflows on Pension Liabilities:

Florida Retirement System.....	\$ 731,823	
FRS Health Insurance Subsidy.....	138,543	
Other Post Employment Benefits.....	1,122	
Holly Hill Police Officers' Retirement Trust Fund.....	256,521	
Holly Hill Firefighters' Retirement System.....	<u>136,127</u>	1,264,136

Deferred Inflows on Pension Liabilities:

Florida Retirement System.....	(106,676)	
FRS Health Insurance Subsidy.....	(61,439)	
Other Post Employment Benefits.....	(190,657)	
Holly Hill Firefighters' Retirement System.....	<u>(17,169)</u>	(375,941)

Net post-retirement benefits obligation which is actuarially due and payable in the current period which will be accumulated in future periods.....	(1,889,548)
--	-------------

Long-term liabilities, including notes payable, are not due and payable
in the current period and therefore are not reported in the funds.

These liabilities and other debt related deferred charges consist of
the following:

Bonds and notes payable.....	(5,470,000)	
Accrued interest payable.....	(49,975)	
Compensated absences.....	(986,729)	
Net pension obligation:		
Florida Retirement System.....	(1,670,136)	
FRS Health Insurance Subsidy.....	(658,533)	
Holly Hill Police Officers' Retirement Trust Fund.....	(2,154,274)	
Holly Hill Firefighters' Retirement System.....	<u>(1,380,182)</u>	(12,369,829)

Internal service funds are used by management to charge the costs of
data processing, fleet lease and maintenance to individual funds. These
assets and liabilities of the internal service funds are included in governmental
activities in the statement of net position

Total net position.....	66,082	
less: amounts attributable to business-type activities.....	<u>(20,812)</u>	45,270

Net position of governmental activities	<u>\$ 24,054,806</u>
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The accompanying notes are an integral part of the financial statements.

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

Statement 4

For the Fiscal Year Ended September 30, 2019
CITY OF HOLLY HILL, FLORIDA

	General	Community Redevelopment Agency	Nonmajor Governmental Funds	Total Governmental Funds
Revenue:				
Taxes.....	\$ 5,297,692	\$ 1,169,068	\$ -	\$ 6,466,760
Permits and fees	1,274,112	-	51,138	1,325,250
Intergovernmental.....	1,976,957	1,981,343	819,815	4,778,115
Charges for services	1,367,208	-	2,404	1,369,612
Fines and forfeitures.....	46,048	-	13,960	60,008
Investment income.....	89,704	19,481	-	109,185
Miscellaneous	78,005	51,150	68,038	197,193
Total revenue.....	10,129,726	3,221,042	955,355	14,306,123
Expenditures:				
Current:				
General government.....	1,928,980	-	-	1,928,980
Public safety	4,107,628	329,190	24,949	4,461,767
Transportation.....	849,025	-	-	849,025
Economic environment	-	1,028,024	-	1,028,024
Culture/recreation	985,466	-	-	985,466
Capital Outlay:				
General government.....	126,749	-	1,265,085	1,391,834
Public safety	-	81,136	-	81,136
Economic environment	-	848,217	-	848,217
Debt Service:				
Principal retirement	-	715,000	-	715,000
Interest and fiscal charges.....	-	144,224	-	144,224
Total expenditures.....	7,997,848	3,145,791	1,290,034	12,433,673
Excess of revenue over (under) expenditures.....	2,131,878	75,251	(334,679)	1,872,450
Other Financing Sources (Uses):				
Transfers in	-	-	1,940,400	1,940,400
Transfers out.....	(1,893,400)	-	(47,000)	(1,940,400)
Total other financing sources (uses).....	(1,893,400)	-	1,893,400	-
Net changes in fund balances.....	238,478	75,251	1,558,721	1,872,450
Fund balances, beginning of year	4,702,398	5,435,392	1,060,078	11,197,868
Fund balances, end of year	\$ 4,940,876	\$ 5,510,643	\$ 2,618,799	\$ 13,070,318

The accompanying notes are an integral part of the financial statements.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES**

Statement 4A

For the Fiscal Year Ended September 30, 2019
CITY OF HOLLY HILL, FLORIDA

Net change in fund balances - total governmental funds \$ 1,872,450

Amounts reported for governmental activities in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures. However,
in the statement of activities the cost of those assets is depreciated
over their estimated useful lives. This is the amount by which capital
outlays exceeded depreciation expense for the current period:

Capital outlay expenditures.....	2,971,177	
Depreciation expense.....	<u>(847,097)</u>	2,124,080

Repayment of bond and note principal is an expenditure in the
governmental funds, but the repayment reduces long-term liabilities
in the statement of nets assets. Principal repayment in the
current period

715,000

Revenues in the statement of activities that do not provide current
financial resources are not reported as revenues in the governmental funds:

Increase (decrease) in deferred revenues amd taxes.....	551,498	
Gains (losses) on asset sales.....	<u>(1,552,120)</u>	(1,000,622)

The (increase) decrease in net pension liabilities, deferred outflows and
inflows, and postemployment benefits costs are reported in the statement of
activities, but not in the individual governmental fund statements, as follows

Deferred outflows - pension plans.....	185,605	
Deferred inflows - pension plans.....	146,961	
Net pension liabilities.....	<u>(701,143)</u>	
Accrued postemployment benefit obligation.....	<u>7,438</u>	(361,139)

Under the modified accrual basis of accounting used in the
governmental funds, expenditures are not recognized for transactions
that are not normally paid with expendable available financial resources.

In the statement of activities, however, which is presented on the
accrual basis, expenses and liabilities are reported regardless of when
financial resources are available. In addition, interest on long-term
debt is not recognized under the modified accrual basis of accounting
until due, rather than as it accrues. This adjustment is for the following:

Change in compensated absences liabilities.....	(92,994)	
Change in accrued interest on bonds and notes payable	<u>6,567</u>	(86,427)

Internal service funds are used by management to charge the costs of
certain activities to individual funds. The portion of net revenue/expense of
internal service funds reported within governmental activities for the year.....

109,654

Change in net position of governmental activities \$ 3,372,996

The accompanying notes are an integral part of the financial statements.

BUDGETARY COMPARISON STATEMENT
GENERAL FUND

For the Fiscal Year Ended September 30, 2019
CITY OF HOLLY HILL, FLORIDA

	Original	Final	Actual Amounts	Variance
Revenue:				
Taxes.....	\$ 6,194,627	\$ 5,065,328	\$ 5,297,692	\$ 232,364
Permits and fees.....	1,172,920	1,227,920	1,274,112	46,192
Intergovernmental revenue.....	1,624,750	1,589,949	1,976,957	387,008
Charges for services.....	1,335,663	1,350,663	1,367,208	16,545
Fines and forfeitures.....	68,777	68,777	46,048	(22,729)
Investment income.....	38,100	38,100	89,704	51,604
Miscellaneous.....	<u>1,067,900</u>	<u>1,387,900</u>	<u>78,005</u>	<u>(1,309,895)</u>
Total revenues.....	<u>11,502,737</u>	<u>10,728,637</u>	<u>10,129,726</u>	<u>(598,911)</u>
Expenditures:				
Current:				
General Government:				
Legislative.....	160,390	160,390	107,059	53,331
Executive.....	361,140	360,340	336,154	24,186
Financial and Administrative.....	1,142,745	1,130,784	999,629	131,155
Legal Counsel.....	125,000	67,000	57,442	9,558
Comprehensive Planning.....	111,650	124,084	117,122	6,962
Nondepartmental.....	<u>1,801,141</u>	<u>552,866</u>	<u>438,323</u>	<u>114,543</u>
	<u>3,702,066</u>	<u>2,395,464</u>	<u>2,055,729</u>	<u>339,735</u>
Public Safety:				
Law enforcement.....	2,322,265	2,392,226	2,373,420	18,806
Fire safety.....	1,410,874	1,408,774	1,319,026	89,748
Protective inspection.....	446,645	502,611	411,364	91,247
Emergency and Disaster Relief.....	-	-	3,818	(3,818)
	<u>4,179,784</u>	<u>4,303,611</u>	<u>4,107,628</u>	<u>195,983</u>
Transportation.....	<u>1,978,760</u>	<u>1,126,292</u>	<u>849,025</u>	<u>277,267</u>
Culture/recreation.....	<u>1,056,059</u>	<u>992,003</u>	<u>985,466</u>	<u>6,537</u>
Total expenditures.....	<u>10,916,669</u>	<u>8,817,370</u>	<u>7,997,848</u>	<u>819,522</u>
Excess of revenue over (under) expenditures.....	<u>586,068</u>	<u>1,911,267</u>	<u>2,131,878</u>	<u>220,611</u>

The accompanying notes are an integral part of the financial statements.

BUDGETARY COMPARISON STATEMENT
GENERAL FUND
For the Fiscal Year Ended September 30, 2019
CITY OF HOLLY HILL, FLORIDA

Statement 5

	Original	Final	Actual Amounts	Variance
Other Financing Sources (Uses):				
Transfers in.....	\$ -	\$ -	\$ -	\$ -
Transfers (out).....	(1,893,400)	(1,893,400)	(1,893,400)	-
Internal Service - income.....	-	-	-	-
Internal Service - costs.....	-	-	-	-
Appropriated fund balance.....	<u>1,307,332</u>	<u>(17,867)</u>	<u>-</u>	<u>17,867</u>
Total financing sources (uses).....	<u>(586,068)</u>	<u>(1,911,267)</u>	<u>(1,893,400)</u>	<u>17,867</u>
Net change in fund balance.....	-	-	238,478	238,478
Fund balance, beginning of year.....	<u>4,702,398</u>	<u>4,702,398</u>	<u>4,702,398</u>	<u>-</u>
Fund balance, end of year.....	<u>\$ 4,702,398</u>	<u>\$ 4,702,398</u>	<u>\$ 4,940,876</u>	<u>\$ 238,478</u>

The accompanying notes are an integral part of the financial statements.



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BUDGETARY COMPARISON SCHEDULE
COMMUNITY REDEVELOPMENT AGENCY
For the Fiscal Year Ended September 30, 2019
CITY OF HOLLY HILL, FLORIDA

Statement 6

	Original	Final	Actual Amounts	Variance
Revenue:				
Taxes.....	\$ 1,203,680	\$ 1,132,987	\$ 1,169,068	\$ 36,081
Intergovernmental revenue.....	1,227,624	1,575,972	1,981,343	405,371
Investment income.....	69,800	10,663	19,481	8,818
Miscellaneous.....	-	-	51,150	51,150
Total revenues.....	<u>2,501,104</u>	<u>2,719,622</u>	<u>3,221,042</u>	<u>501,420</u>
Expenditures:				
Current:				
Public safety:				
Law enforcement:				
Personal services.....	319,400	319,400	294,428	(24,972)
Operating expenditures.....	54,022	53,622	27,404	(26,218)
Capital outlay.....	70,000	70,000	81,136	11,136
	<u>443,422</u>	<u>443,022</u>	<u>402,968</u>	<u>(40,054)</u>
Economic environment:				
Personal services.....	83,200	83,800	83,086	(714)
Operating expenditures.....	196,814	1,666,342	821,155	(845,187)
Capital outlay.....	2,800,000	2,126,417	848,217	(1,278,200)
Grants and aid.....	150,000	150,000	131,141	(18,859)
	<u>3,230,014</u>	<u>4,026,559</u>	<u>1,883,599</u>	<u>(2,142,960)</u>
Debt Service:				
Principal retirement.....	715,000	715,000	715,000	-
Interest and fiscal charges.....	131,724	131,724	144,224	12,500
	<u>846,724</u>	<u>846,724</u>	<u>859,224</u>	<u>12,500</u>
Total expenditures.....	<u>4,520,160</u>	<u>5,316,305</u>	<u>3,145,791</u>	<u>(2,170,514)</u>
Excess of revenue over (under) expenditures.....	<u>(2,019,056)</u>	<u>(2,596,683)</u>	<u>75,251</u>	<u>2,671,934</u>
Other Financing Sources (Uses):				
Appropriated fund balance.....	<u>2,019,056</u>	<u>2,596,683</u>	-	<u>(2,596,683)</u>
Total financing sources (uses).....	<u>2,019,056</u>	<u>2,596,683</u>	-	<u>(2,596,683)</u>
Net change in fund balance.....	-	-	75,251	75,251
Fund balance, beginning of year.....	<u>5,435,392</u>	<u>5,435,392</u>	<u>5,435,392</u>	-
Fund balance, end of year.....	<u>\$ 5,435,392</u>	<u>\$ 5,435,392</u>	<u>\$ 5,510,643</u>	<u>\$ 75,251</u>

The accompanying notes are an integral part of the financial statements.

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

September 30, 2019

CITY OF HOLLY HILL, FLORIDA

	<u>Business-Type Activities - Enterprise Funds</u>				Governmental Activities - Internal Service Funds
	Water and Sewer	Stormwater Drainage	Solid Waste	Total	
Assets:					
Current Assets:					
Cash and cash equivalents.....	\$ 8,850,053	\$ 2,707,028	\$ 3,256,039	\$ 14,813,120	\$ 33,502
Accounts receivable (net).....	805,597	1,377	303,078	1,110,052	-
Due from other governments.....	-	119,697	-	119,697	-
Inventories.....	117,417	10,373	-	127,790	15,523
Due from other funds.....	-	-	1,320,000	1,320,000	-
Prepaid expenses.....	-	-	-	-	71,068
Restricted-cash and cash equivalents.....	<u>416,823</u>	<u>-</u>	<u>-</u>	<u>416,823</u>	<u>-</u>
Total current assets.....	<u>10,189,890</u>	<u>2,838,475</u>	<u>4,879,117</u>	<u>17,907,482</u>	<u>120,093</u>
Noncurrent Assets:					
Property and Equipment:					
Land.....	154,739	540,912	-	695,651	-
Buildings and improvements.....	44,328,769	8,915,861	54,651	53,299,281	-
Machinery and equipment.....	5,300,919	541,039	16,820	5,858,778	50,071
Construction in progress.....	<u>943,343</u>	<u>211,530</u>	<u>-</u>	<u>1,154,873</u>	<u>-</u>
	50,727,770	10,209,342	71,471	61,008,583	50,071
Less: accumulated depreciation.....	<u>(28,798,662)</u>	<u>(5,468,279)</u>	<u>(66,537)</u>	<u>(34,333,478)</u>	<u>-</u>
Total property and equipment (net of accumulated depreciation).....	<u>21,929,108</u>	<u>4,741,063</u>	<u>4,934</u>	<u>26,675,105</u>	<u>50,071</u>
Total assets.....	<u>32,118,998</u>	<u>7,579,538</u>	<u>4,884,051</u>	<u>44,582,587</u>	<u>170,164</u>
Deferred Outflows of Resources:					
Deferred outflows on pensions.....	304,812	42,673	-	347,485	-
Deferred charge on refunding loss.....	<u>53,158</u>	<u>-</u>	<u>-</u>	<u>53,158</u>	<u>-</u>
Total deferred outflows of resources.....	<u>357,970</u>	<u>42,673</u>	<u>-</u>	<u>400,643</u>	<u>-</u>
Total assets and deferred outflow of resources.....	<u>\$ 32,476,968</u>	<u>\$ 7,622,211</u>	<u>\$ 4,884,051</u>	<u>\$ 44,983,230</u>	<u>\$ 170,164</u>

The accompanying notes are an integral part of the financial statements.

Statement 7

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water and Sewer	Stormwater Drainage	Solid Waste	Total	
Liabilities:					
Current Liabilities:					
Accounts payable and accrued liabilities.....	\$ 188,405	\$ 19,605	\$ 170,068	\$ 378,078	\$ 34,652
Compensated absences.....	<u>53,064</u>	<u>3,735</u>	<u>-</u>	<u>56,799</u>	<u>69,430</u>
Total current liabilities unrestricted.....	<u>241,469</u>	<u>23,340</u>	<u>170,068</u>	<u>434,877</u>	<u>104,082</u>
Current Liabilities Payable From Restricted Assets:					
Current maturities of long-term debt.....	1,836,885	324,286	-	2,161,171	-
Accounts payable and accrued liabilities.....	-	-	-	-	-
Accrued interest.....	151,853	6,500	-	158,353	-
Customer deposits.....	<u>1,075,076</u>	<u>-</u>	<u>-</u>	<u>1,075,076</u>	<u>-</u>
Total current liabilities payable from restricted assets.....	<u>3,063,814</u>	<u>330,786</u>	<u>-</u>	<u>3,394,600</u>	<u>-</u>
Total current liabilities.....	<u>3,305,283</u>	<u>354,126</u>	<u>170,068</u>	<u>3,829,477</u>	<u>104,082</u>
Noncurrent Liabilities:					
Revenue bonds payable (net).....	6,925,000	-	-	6,925,000	-
Notes payable (net).....	2,946,345	1,018,993	-	3,965,338	-
Capital lease payable (net).....	288,173	-	-	288,173	-
Post-retirement benefits payable.....	582,186	86,783	-	668,969	-
Compensated absences.....	209,336	13,079	-	222,415	-
Net pension liability.....	<u>1,129,268</u>	<u>166,419</u>	<u>-</u>	<u>1,295,687</u>	<u>-</u>
Total noncurrent liabilities.....	<u>12,080,308</u>	<u>1,285,274</u>	<u>-</u>	<u>13,365,582</u>	<u>-</u>
Total liabilities.....	<u>15,385,591</u>	<u>1,639,400</u>	<u>170,068</u>	<u>17,195,059</u>	<u>104,082</u>
Deferred Inflows of Resources:					
Deferred inflows on pensions.....	<u>125,446</u>	<u>17,561</u>	<u>-</u>	<u>143,007</u>	<u>-</u>
Net Position:					
Net investment in capital assets.....	9,985,863	3,397,784	4,934	13,388,581	50,071
Restricted for debt service.....	1,543,294	58,936	-	1,602,230	-
Restricted for utility plant expansion.....	416,946	-	-	416,946	-
Unrestricted.....	<u>5,019,828</u>	<u>2,508,530</u>	<u>4,709,049</u>	<u>12,237,407</u>	<u>16,011</u>
Total net position.....	<u>16,965,931</u>	<u>5,965,250</u>	<u>4,713,983</u>	<u>27,645,164</u>	<u>66,082</u>
Total liabilities, deferred inflows of resources and net position.....	<u>\$ 32,476,968</u>	<u>\$ 7,622,211</u>	<u>\$ 4,884,051</u>	<u>\$ 44,983,230</u>	<u>\$ 170,164</u>
Net position from above.....				\$ 27,645,164	
Cumulative adjust. - reflect consolidation of internal service fund activities related to enterprise fund				<u>20,812</u>	
Net position, business-type activities.....				<u>\$ 27,665,976</u>	

The accompanying notes are an integral part of the financial statements.



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STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

Statement 8

For the Fiscal Year Ended September 30, 2019
CITY OF HOLLY HILL, FLORIDA

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water and Sewer	Stormwater Drainage	Solid Waste	Total	
Operating Revenue:					
Charges for Services:					
Water sales.....	\$ 3,455,944	\$ -	\$ -	\$ 3,455,944	\$ -
Sewer treatment charges.....	3,393,287	-	-	3,393,287	-
Waste disposal fees.....	-	-	2,614,422	2,614,422	-
Stormwater management fee.....	-	1,053,125	-	1,053,125	-
Other revenues.....	353,784	-	1,885	355,669	-
Internal service fees.....	-	-	-	-	699,895
Intergovernmental revenue.....	79,890	118,916	-	198,806	-
Total operating revenue.....	7,282,905	1,172,041	2,616,307	11,071,253	699,895
Operating Expenses:					
Personal services.....	1,819,876	200,095	-	2,019,971	308,684
Depreciation.....	1,602,495	297,516	553	1,900,564	-
Utilities.....	256,909	25,227	133	282,269	-
Materials and supplies.....	451,740	26,806	-	478,546	115,838
Contractual services.....	302,211	110,327	2,025,621	2,438,159	43,351
Maintenance and repairs.....	613,833	60,836	200,000	874,669	89,276
Other charges.....	887,298	246,282	248,761	1,382,341	12,284
Total operating expenses.....	5,934,362	967,089	2,475,068	9,376,519	569,433
Operating income.....	1,348,543	204,952	141,239	1,694,734	130,462
Nonoperating Revenue (Expenses):					
Interest earnings.....	87,281	17,109	63,117	167,507	4
Rental and other income.....	34,696	-	-	34,696	-
Interest and debt expense.....	(387,727)	(35,186)	-	(422,913)	-
Net nonoperating revenue (expenses).....	(265,750)	(18,077)	63,117	(220,710)	4
Income before contributions and transfers..	1,082,793	186,875	204,356	1,474,024	130,466
Capital contributions.....	119,880	-	-	119,880	-
Transfers in.....	25,377	-	-	25,377	-
Transfers (out).....	-	(25,377)	-	(25,377)	-
Net increase in net position.....	1,228,050	161,498	204,356	1,593,904	130,466
Net position, beginning of year.....	15,737,881	5,803,752	4,509,627	26,051,260	(64,384)
Net position, end of year.....	<u>\$ 16,965,931</u>	<u>\$ 5,965,250</u>	<u>\$ 4,713,983</u>	<u>\$ 27,645,164</u>	<u>\$ 66,082</u>
Change in proprietary funds net position				\$ 1,593,904	
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds				20,812	
Change in net position of business-type activities				<u>\$ 1,614,716</u>	

The accompanying notes are an integral part of the financial statements.

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Fiscal Year Ended September 30, 2019
CITY OF HOLLY HILL, FLORIDA

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water and Sewer	Stormwater Drainage	Solid Waste	Total	
Cash Flows From Operating Activities:					
Cash receipts from customers.....	\$ 7,458,499	\$ 1,033,820	\$ 2,656,607	\$ 11,148,926	\$ 700,196
Cash receipts from franchise fees.....	-	-	-	-	-
Cash paid for personal services.....	(1,580,461)	(155,775)	-	(1,736,236)	(322,052)
Cash paid to suppliers.....	(2,573,048)	(443,092)	(2,462,986)	(5,479,126)	(307,698)
Net cash provided by operating activities.....	<u>3,304,990</u>	<u>434,953</u>	<u>193,621</u>	<u>3,933,564</u>	<u>70,446</u>
Cash Flows From Noncapital and Related Financing Activities:					
Rental income.....	34,696	-	-	34,696	-
Due from other fund.....	-	-	(1,320,000)	(1,320,000)	-
Transfers in (out).....	<u>25,377</u>	<u>(25,377)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by (used in) noncapital and related financing activities.....	<u>60,073</u>	<u>(25,377)</u>	<u>(1,320,000)</u>	<u>(1,285,304)</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities:					
Capital contributions and grants.....	119,880	-	-	119,880	-
Acquisition/construction of capital assets....	(1,389,414)	(178,472)	-	(1,567,886)	(50,071)
Proceeds from long-term debt.....	379,555	-	-	379,555	-
Debt reduction outlays.....	(1,781,745)	(316,901)	-	(2,098,646)	-
Interest paid on capital debt obligations.....	<u>(374,946)</u>	<u>(36,715)</u>	<u>-</u>	<u>(411,661)</u>	<u>-</u>
Net cash provided by (used in) capital and related financing activities.....	<u>(3,046,670)</u>	<u>(532,088)</u>	<u>-</u>	<u>(3,578,758)</u>	<u>(50,071)</u>
Cash Flows From Investing Activities:					
Interest received.....	<u>87,281</u>	<u>17,109</u>	<u>63,117</u>	<u>167,507</u>	<u>4</u>
Net increase (decrease) in cash and cash equivalents.....	<u>405,674</u>	<u>(105,403)</u>	<u>(1,063,262)</u>	<u>(762,991)</u>	<u>20,379</u>
Cash and cash equivalents, beginning of year....	<u>8,861,202</u>	<u>2,812,431</u>	<u>4,319,301</u>	<u>15,992,934</u>	<u>13,123</u>
Cash and cash equivalents, end of year.....	<u>\$ 9,266,876</u>	<u>\$ 2,707,028</u>	<u>\$ 3,256,039</u>	<u>\$ 15,229,943</u>	<u>\$ 33,502</u>
Cash and Cash Equivalents:					
Unrestricted cash and cash equivalents.....	\$ 8,850,053	\$ 2,707,028	\$ 3,256,039	\$ 14,813,120	\$ 33,502
Restricted cash and cash equivalents.....	<u>416,823</u>	<u>-</u>	<u>-</u>	<u>416,823</u>	<u>-</u>
Total cash and cash equivalents.....	<u>\$ 9,266,876</u>	<u>\$ 2,707,028</u>	<u>\$ 3,256,039</u>	<u>\$ 15,229,943</u>	<u>\$ 33,502</u>

The accompanying notes are an integral part of the financial statements.

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - (Continued)
For the Fiscal Year Ended September 30, 2019
CITY OF HOLLY HILL, FLORIDA

Statement 9

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water and Sewer	Stormwater Drainage	Solid Waste	Total	
Reconciliation of operating income to net cash provided by operating activities:					
Operating income (loss).....	\$ 1,348,543	\$ 204,952	\$ 141,239	\$ 1,694,734	\$ 130,462
Adjustments to reconcile net operating income to net cash provided by operating activities:					
Depreciation	1,602,495	297,516	553	1,900,564	-
Provision for bad debts (recoveries).....	30,875	20,222	19,817	70,914	-
Changes in assets and liabilities:					
Accounts receivable.....	126,192	(138,221)	20,483	8,454	301
Inventories.....	(78,694)	-	-	(78,694)	3,871
Prepaid expenses.....	110	28	27	165	(71,068)
Deferred outflows of resources.....	86,172	15,331	-	101,503	
Accounts payable/accrued liabilities....	54,877	8,303	11,502	74,682	23,822
Compensated absences.....	(48,519)	8,881	-	(39,638)	(16,942)
Customer deposits.....	49,402	-	-	49,402	-
Post-employment benefit obligation.....	(2,600)	(365)	-	(2,965)	-
Net pension liability.....	133,310	18,663	-	151,973	-
Deferred inflows of resources.....	<u>2,827</u>	<u>(357)</u>	<u>-</u>	<u>2,470</u>	<u>-</u>
Net cash provided by operating activities.	<u>\$ 3,304,990</u>	<u>\$ 434,953</u>	<u>\$ 193,621</u>	<u>\$ 3,933,564</u>	<u>\$ 70,446</u>

The accompanying notes are an integral part of the financial statements.

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

Statement 10

For the Fiscal Year Ended September 30, 2019
CITY OF HOLLY HILL, FLORIDA

Assets:	
Cash and cash equivalents.....	\$ 251,921
Receivables:	
Broker receivable.....	47,732
Interest and dividends receivable.....	<u>32,322</u>
Total accounts receivable.....	80,054
Investments, at fair value	
U.S. Treasury obligations.....	1,219,837
U. S. Government Agencies.....	177,277
Corporate/municipal debt obligations	2,231,788
Real estate investment trust	1,033,941
Pooled funds - real estate.....	393,254
Mutual funds.....	<u>10,697,146</u>
Total investments.....	<u>15,753,243</u>
Total assets.....	16,085,218
Liabilities:	
Accounts payable.....	<u>34,917</u>
Total liabilities.....	<u>34,917</u>
Net Position:	
Held in trust for pension benefits.....	<u>\$ 16,050,301</u>

The accompanying notes are an integral part of the financial statements.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS - POLICE OFFICERS' RETIREMENT TRUST
FUND AND FIREFIGHTERS' RETIREMENT SYSTEM
For the Fiscal Year Ended September 30, 2019
CITY OF HOLLY HILL, FLORIDA

Statement 11

Additions:

Contributions from:

Employer	\$	738,634
State		185,969
Plan members.....		<u>116,831</u>

\$ 1,041,434

Investment income:

Net realized and unrealized appreciation (depreciation) in fair value of investments.....	389,190
Interest and dividend earnings	<u>356,107</u>
	745,297
Less: investment management fees	<u>(107,183)</u>

638,114

1,679,548

Deductions:

Benefit payments.....	1,034,202
Refunds/withdrawals	32,132
Administrative expenses	<u>63,744</u>

1,130,078

549,470

Net position held in trust for pension benefits:

Beginning of year	<u>15,500,831</u>
End of year	<u>\$ 16,050,301</u>

The accompanying notes are an integral part of the financial statements.



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NOTES TO THE FINANCIAL STATEMENTS

September 30, 2019

CITY OF HOLLY HILL, FLORIDA

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of City of Holly Hill, Florida (the “City”), have been prepared in conformance with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for promulgating governmental accounting and financial reporting principles. The following is a summary of the City’s significant accounting policies:

A. Reporting Entity

The City is a municipal corporation created by the Laws of Florida, Chapter 67-1274, located in Volusia County. The City was originally incorporated under the general laws of Florida on July 1, 1901 (Records of Incorporation, Volusia County, Vol. I, p. 101). This incorporation was validated in 1903 by Laws of Florida, Chapter 5346 (1903). The legislative branch of the City is composed of an elected five-member City Commission consisting of the Mayor and four commissioners. The City Commission is governed by the City Charter and by state and local laws and regulations. The City Commission is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the Commission-appointed City Manager.

The accompanying financial statements present the financial position, results of operations and cash flows of the applicable funds controlled by or dependent upon the City (the primary government). In evaluating the City as a reporting entity, management has addressed all potential component units for which the entity may or may not be financially accountable and, as such, be included within the City’s financial statements.

Blended Component Unit. The City of Holly Hill Community Redevelopment Fund was created by Ordinance No. 2426 to account for the receipt and expenditure of property tax revenues from the tax increment financing district created to support City redevelopment. Although legally separate, the same elected City Commission members serve as the governing board of the Community Redevelopment Fund. Since the City is financially accountable for the activities of the Fund, its governing board is the same, and its relationship to the City is significant, its financial activities are reported on a blended basis as if it were part of the primary government as a special revenue fund. Separate financial statements for the Community Redevelopment Fund are not published.

B. Government-wide Financial Statements

The government-wide financial statements, comprised of the Statement of Net Position and the Statement of Activities, report aggregated information for the overall government for all of the activities of the primary government and the discretely presented component unit. The primary government is reported in two columns to separately report governmental activities from business-type activities. These statements do not report fiduciary funds or fiduciary component units such as retirement trust funds. Those activities are reported only in fund financial statements. The effect of interfund activity has been removed from these statements.

Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange revenues, are reported separately from business-type activities, which are financed wholly or partially by fees charged to external parties for goods or services and are reported in enterprise funds.

NOTES TO THE FINANCIAL STATEMENTS September 30, 2019
CITY OF HOLLY HILL, FLORIDA

The Statement of Net Position presents the overall government's financial position at year-end. The Statement of Activities presents direct expenses of a given function or segment offset by program revenues for the fiscal reporting period. The resulting net expense or revenue is then totaled and offset by general revenues producing the aggregate change in net position for the period. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment of the government, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other nonexchange revenues not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual business-type funds are reported in separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Fund Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned. Expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue when all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or as soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Taxes, intergovernmental revenue, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized and grouped into four classes, based on their principal characteristics. The accounting treatment for each type of transaction is as follows:

Derived Tax Revenue, defined as assessments imposed on exchange transactions. Examples include: sales taxes, franchise tax, utility taxes, etc. Assets from derived tax revenue are recognized in the period when the exchange transaction on which the tax is imposed takes place, or when resources are received, whichever occurs first. Revenues are recognized, net of estimated uncollectible amounts, in the same period that the assets are recognized. Resources received in advance are recorded as deferred revenue until the period of the exchange.

Imposed Nonexchange Revenue, result from assessments on nongovernmental entities, other than assessments on exchange transactions. Examples include: ad valorem (property) taxes, fines and penalties, and property forfeitures. Assets from imposed nonexchange revenues are recognized in the period when an enforceable legal claim to the assets arises or when the resources are received, whichever occurs first. Property taxes are recognized in the period for which the taxes are levied. All other imposed nonexchange revenues are recognized in the same period that the assets are recognized.

Government-mandated Nonexchange Transactions, frequently establish eligibility requirements before a transaction can occur. Examples include federal awards and state financial assistance. Until the requirements are met, the recipient does not have a receivable and the recognition of revenue received in advance is deferred. The providers (usually federal, state, and county governments) often offer resources on a reimbursement (“expenditure-driven”) basis at the time the recipient has incurred allowable costs under the applicable program.

Voluntary Nonexchange Transactions, result from legislative or contractual agreements other than exchanges, entered into willingly by two or more parties. Examples include certain grants, entitlements, and donations by nongovernmental entities. Principal characteristics of these types of transactions are (1) they are not imposed on the provider or recipient, and (2) fulfillment of eligibility requirements is essential for a transaction to occur. Assets and revenues are recognized when all applicable eligibility requirements, including time requirements, are met. Resources received in advance are reported as deferred revenue.

Proprietary fund and pension trust fund financial statements are reported using the accrual basis of accounting. Under this method, revenue is recorded when earned and expenses are recorded at the time liabilities are incurred.

The City’s accounts are organized on the basis of funds each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The focus of the governmental and proprietary fund financial statements is on major funds, as defined and determined based on criteria established under Governmental Accounting Standards Boards Statement No. 34.

The City reports the following major governmental funds:

General Fund - The General Fund is the principal fund of the City which accounts for all financial transactions not accounted for in other funds. The majority of current operating expenditures of the City other than proprietary fund activities are financed through revenues received by this fund.

Community Redevelopment Trust Fund - The Community Redevelopment Trust Fund is a special revenue fund established by the City for the economic development of designated areas of the City that receives special incremental ad-valorem tax levies to pay for rehabilitation and redevelopment of the specified area in need of improvement to sustain the tax base, pay for capital projects and the payment of, general long-term debt principal, interest, and related costs associated with the CRA Redevelopment Refunding Revenue Note, Series 2012 and the CRA Redevelopment Revenue Note, Series 2013..

NOTES TO THE FINANCIAL STATEMENTS September 30, 2019
CITY OF HOLLY HILL, FLORIDA

The City reports the following major proprietary funds:

Water and Sewer System - The Water and Sewer System Fund accounts for the costs and recovery of costs in the form of user charges related to the production, treatment and distribution of potable water, along with the collection, treatment and disposal of sewage waste with the City. The maintenance and improvement of utility plant required to provide these goods and services are financed primarily from user charges. Physical plant expansion is financed primarily from revenue bond obligations and other long-term debt borrowings.

Stormwater Drainage Fund - The Stormwater Drainage Fund accounts for user charges assessed to citizens for the operation, maintenance and improvement of the City's stormwater drainage systems. Federal awards and state financial assistance are also a major source of revenue to assist with the financing of capital improvements to these facilities.

Solid Waste Fund - The Solid Waste Fund provides the community with refuse and recycling services provided by third-party contracted vendors, the costs of which are primarily recovered by user charges.

Additionally, the City reports the following non-major fund types:

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources (other than special assessments, or capital projects) which are legally restricted to finance particular functions or activities of the City. These funds include the Impact Fees Trust Fund, Law Enforcement Trust Fund and Holly Hill Police Explorers Fund.

Capital Projects Funds - Capital projects funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary and trust funds).

Pension Trust Funds - Pension trust funds (Municipal Police Officers' Retirement Fund and the Municipal Firefighters' Pension Trust Fund) are accounted for by the City to provide data on the accumulation of financial resources to pay pension benefits to qualified participants in the City's Police and Fire pension trust funds.

Internal Service Funds - The City's internal service funds account for the financial activities of its internal data processing and vehicle maintenance. These type funds provide services to departments of the City on a cost-reimbursement basis. For the year ended September 30, 2019, the City has separately accounted for and reported these funds. They had been included with the General Fund at September 30, 2018.

Amounts reported in the funds as interfund receivables and payables have been eliminated in the governmental and business-type activities columns, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances due to and due from these different types of activities within the primary government.

The City reports as program revenues: (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing activities. For the City, operating revenues come from water and sewer service fees and related charges, stormwater service fees, and refuse and recycling collection fees for sanitation services, which are the principal ongoing operations of the City's water/sewer utility, stormwater and solid waste operations. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Position/Fund Balance

Deposits and Investments. The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The City's investment policies are governed by state statutes and local resolution. These policies authorize the City to invest in bonds, notes, certificates of indebtedness, treasury bills, or other securities which are guaranteed by the full faith and credit of the United States of America, interest bearing savings accounts, interest bearing certificates of deposit and interest bearing time deposits. All of the City's investments are reported at fair value. All fiduciary (police and fire pension) fund investments are stated at fair value.

Receivables and payables. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances," when applicable.

All trade and property tax receivables are reported net of an allowance for uncollectible accounts, which is based upon management's analysis of historical trends. Utility operating sales are generally recognized on the basis of cycle billings rendered monthly. Unbilled accounts receivable are accrued by the City at September 30th, to recognize the sales revenues earned between the last meter reading dates made in mid-September through the end of the fiscal year.

All unpaid property taxes receivable at year-end are at least 180 days past due, at which time the applicable property is subject to lien, and penalties and interest are assessed.

Inventories and Prepaid Items. The cost of inventories are accounted for on the consumption basis wherein inventories are charged as expenditures when used rather than when purchased. All inventories are valued at cost, which approximates net realizable value, by using the first-in, first-out valuation method. The effect of this method is to flow the costs of the materials and supplies in the order in which they are purchased and to assign a balance sheet inventory valuation more nearly at current replacement value. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures / expenses when consumed rather than when purchased.

NOTES TO THE FINANCIAL STATEMENTS September 30, 2019
CITY OF HOLLY HILL, FLORIDA

Restricted Assets. Certain proceeds of the City's revenue note obligations, as well as certain resources set aside for their repayment, are classified as restricted assets in the government-wide financial statements because their use is limited by applicable legal indentures imposed by applicable bond covenants and other legal indentures. The restricted assets are used to report resources set aside to 1) provide a reserve for debt service, 2) provide a reserve for maintenance and replacement costs, and 3) acquire capital assets.

Capital Assets. Capital assets include property, plant, equipment and infrastructure assets. The terms general capital assets and general infrastructure assets relate only to the assets associated with governmental activities, whereas the terms capital assets and infrastructure assets relate to all such assets belonging to the City. The City has elected to report all known infrastructure assets and related depreciation expense on all infrastructure assets in the entity-wide statement of net position and statement of activities.

Capital assets are defined by the City as assets with an initial individual cost of \$1,000 or more and an estimated useful life of more than one-year. The capitalization policy for building and improvements other than buildings require assets with an initial cost to be \$5,000 or more before it is capitalized. For all infrastructure assets, costs must exceed \$5,000 before the assets are capitalized. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed. Contributed assets are recorded at fair market value on the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized if they meet the dollar threshold.

Proprietary fund capital assets that are constructed include construction period interest that is capitalized net of interest earned on unexpended construction funds depreciated over the remaining useful life of the related asset.

Maintenance and repairs of property, and replacements and renewals of items determined to be less than units of property, are charged to operating expenses as incurred.

Depreciation is reported for the primary government using the straight-line method (half-year convention in year of acquisition) calculated on a service-life basis to amortize the cost of the asset over their estimated economic useful lives, which are as follows:

<u>Assets</u>	<u>Years</u>
Buildings	1-50 years
Improvements other than buildings	1-50 years
Equipment	1-30 years
Infrastructure	1-50 years

Compensated Absences. The portion of payroll costs paid subsequent to year-end attributable to services performed prior to year-end, including accumulated unpaid vacation and sick-leave, is recorded and recognized as a current liability. The portion of the liability for compensated absences attributable to periods beyond the current year is recognized as a long-term liability. Two of the City's major governmental funds (General and Community Redevelopment Agency Special Revenue Funds) employ personnel and are responsible for liquidating governmental fund compensated absence obligations. The liability for compensated absences in the Proprietary Fund Types is liquidated in the Proprietary Fund in which the liability originally incurred.

Unearned Revenue. Unearned revenues are reported when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received by the City before it has a legal claim to them, as when grant monies are

received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

Long-term Obligations. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable premium or discount.

Deferred Outflows/Inflows of Resources. In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources expense until then. The City has only one type of item, which arises from the Police Plan, Fire Plan, FRS and HIS pensions and the OPEB plan, that qualifies for reporting in this category.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises from the Police Plan, Fire Plan, FRS and HIS pensions, that qualifies for reporting in this category. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Pensions / Net Pension Liabilities. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Police defined benefit plan, Fire defined benefit plan, FRS defined benefit plan and the HIS defined benefit plan, and additions to/deductions from the Police, Fire, FRS and the HIS fiduciary net position have been determined on the same basis as they are reported by the Police, Fire, FRS, and HIS plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Fund Balance Policies. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Those classifications are as follows:

Nonspendable. This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash such as inventories and prepaid amounts. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

Restricted. This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation (i.e. when the government assesses, levies, charges, or otherwise mandates payment of resources from external resource providers and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation). The City has classified Forfeitures as being restricted because their use is restricted

NOTES TO THE FINANCIAL STATEMENTS September 30, 2019
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by State Statute for police investigative expenditures. Debt service resources are to be used for future servicing of the revenue note and are restricted through debt covenants. Infrastructure Projects are restricted by State Statute and County laws and are legally segregated for funding of infrastructure improvements.

Committed. This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Commission. The City Commission is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned. This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Commission or through the City Commission delegating this responsibility to the City Manager through the budgetary process, as is authorized under Article I, Section 30-27 of the City's Code of Ordinances.

Unassigned. This classification includes the residual fund balance for the General Fund and fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

The City would typically use restricted fund balances first, followed by committed resources, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

Net Position. The government-wide and business-type activities fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted. Net investment in capital assets groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt as well as interest accrued on that debt attributed to the acquisition, construction or improvement of these assets reduce the balance in this category. Restricted net position includes all net position with external restrictions imposed by creditors, grantors, or laws and regulations of other governments. Unrestricted net position is the residual amount of net position of the City that is not restricted for any particular purpose.

Use of Estimates. Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates assumed in preparing the financial statements.

E. New Accounting Standards

The following Governmental Accounting Standards Board (GASB) Statements have been implemented in the current financial statements:

- Statement No. 88, *Certain Disclosures Related to Debt*. The objective of this Statement is to better improve the disclosure in notes to governmental financial statements related to debt, including direct borrowings and direct placements. No action was required by the City to implement this Statement.

The City is currently evaluating the effects that the following Governmental Accounting Standards Board (GASB) Statements, which will be implemented in future financial statements, will have on its financial statements for subsequent fiscal years.

- Statement 84, *"Fiduciary Activities."* The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement is currently under review to evaluate the impact it may have on the City's financial statement presentation. The provisions of this statement are effective for fiscal years beginning after December 15, 2018.
- Statement 87, *"Leases."* The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This statement is currently under review to evaluate the impact it may have on the City's financial statement presentation. The provisions of this statement are effective for fiscal years beginning after December 15, 2019.
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are to improve relevance and comparability about capital assets and the related cost of borrowing as well as simplify the accounting for interest costs incurred before the end of a construction period. It is anticipated that no action will be required by the City to implement this Statement. The provisions of this Statement are effective for reporting periods beginning after December 15, 2019.
- Statement No. 90, *Major Equity Interests*. The objective of this Statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization. It is anticipated that no action will be required by the City to implement this Statement. The provisions of this Statement are effective for reporting periods beginning after December 15, 2018.
- Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice. It is anticipated that no action will be required by the City to implement this Statement. The provisions of this Statement are effective for reporting periods beginning after December 15, 2020.
- Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of

NOTES TO THE FINANCIAL STATEMENTS September 30, 2019
CITY OF HOLLY HILL, FLORIDA

certain GASB statements. It is anticipated that no action will be required by the City to implement this Statement. The provisions of this Statement are effective for reporting periods beginning after June 15, 2020.

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position:

Following the governmental fund balance sheet is a reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. A detailed explanation of these differences is provided in this reconciliation.

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities:

Following the governmental fund statement of revenues, expenditures, and changes in fund balances, there is a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. A detailed explanation of these differences is provided in this reconciliation.

NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The annual operating budgets are adopted by City Commission using the following procedures:

- Annual budgets are adopted for all funds of the City except for the Pension Trust funds that are effectively controlled through governing agreements and related City ordinances. The annual operating budgets are prepared on a basis consistent with accounting principles generally accepted in the United States of America. Annual budget appropriations lapse at the end of each fiscal year, except for unexpended appropriations on open grant programs and capital projects, which are carried forward in subsequent annual budgets.
- Encumbrance accounting is employed in governmental funds. Encumbrances represent open purchase orders and other commitments for goods/services that are not yet received and are recorded to reserve that portion of the applicable appropriation. Encumbrances are recognized as expenditures in the period in which the actual goods/services are received and a liability is incurred. Encumbrances outstanding at year-end are canceled and re-appropriated in the succeeding year's budget; such amounts, if material, are disclosed in the notes as commitments.
- Prior to the first day of August of each year, the City Manager prepares a recommended budget for the next succeeding fiscal year and submits it to the City Commission. The recommended budget includes proposed expenditures and the source of receipts to finance them.
- City Commission holds a series of budget workshops in addition to a minimum of two public hearings on the proposed budget and adopts the official annual budget of the City, by ordinance, prior to September 30.

NOTES TO THE FINANCIAL STATEMENTS September 30, 2019
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- The budget, as adopted, may only be amended through formal approval by City Commission. Budgetary integration is established in the accounting records for control purposes at the object of expenditure level; however, the City Charter establishes the level at which expenditures may not legally exceed budget at the fund level. Therefore, the City Manager may transfer budgeted amounts within and between departments of the City without formal approval by City Commission.

B. Excess of Expenditures over Appropriations

During the year ended September 30, 2019, none of the City's funds reported actual expenditures that exceeded budgetary appropriations for the year.

NOTE 4 - PROPERTY TAX CALENDAR

Under Florida law, the assessment of all properties and the collection of all county, municipal and school district property taxes are consolidated in the offices of the County Property Appraiser and County Finance Director. The laws of the state regulating tax assessment are also designed to assure a consistent property valuation method statewide. State Statutes permit municipalities to levy property taxes at a rate of up to 10 mills. The millage rate assessed by the City was 6.50 mills for the (2018 tax year) fiscal year ended September 30, 2019.

NOTE 5 - DEPOSITS AND INVESTMENTS

Deposits. At September 30, 2019, the carrying value of the City's cash deposit accounts totaled \$7,426,039 and the bank balances totaled \$7,853,470. This amount does not include \$1,673 in cash funds at the end of the fiscal year. Additionally, the City had the following investments and maturities:

	Fair Value	Less Than 1	Investment Maturities (Years)		
			From 1 to 5	From 6 to 10	Over 10
SunTrust money market funds.....	\$ 5,129,165	\$ 5,129,165	\$ -	\$ -	\$ -
Wells Fargo certificates of deposit.....	8,995,118	-	8,995,118	-	-
Florida Prime.....	2,564,855	2,564,855	-	-	-
Florida Local Investment Trust.....	2,561,757	2,561,757	-	-	-
FL Class.....	2,563,680	2,563,680	-	-	-
Intracoastal certificate of deposit.....	250,000	-	250,000	-	-
	<u>22,064,575</u>	<u>12,819,457</u>	<u>9,245,118</u>	<u>-</u>	<u>-</u>
Pension Trusts:					
Money Market.....	255,004	255,004	-	-	-
U.S. Treasury.....	1,219,837	127,747	658,317	382,707	51,066
U.S. Government Agencies.....	177,277	-	6,064	54,128	117,085
Corporate/municipal bonds.....	1,698,762	30,007	1,295,328	236,457	136,970
Bonds international.....	39,276	-	9,064	30,212	-
Real Estate Investment Trust.....	1,033,941	1,033,941	-	-	-
Pooled funds-real estate.....	393,254	393,254	-	-	-
Mortgage backed securities.....	493,750	-	18,892	141,910	332,948
Mutual funds-domestic.....	10,210,358	10,210,358	-	-	-
Mutual funds-international.....	486,788	486,788	-	-	-
	<u>16,008,247</u>	<u>12,537,099</u>	<u>1,987,665</u>	<u>845,414</u>	<u>638,069</u>
Totals.....	<u>\$ 38,072,822</u>	<u>\$ 25,356,556</u>	<u>\$ 11,232,783</u>	<u>\$ 845,414</u>	<u>\$ 638,069</u>

NOTES TO THE FINANCIAL STATEMENTS September 30, 2019
CITY OF HOLLY HILL, FLORIDA

Interest Rate Risk. The City's investment policy does not specifically address interest rate risk. However, the general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and in general, avoid speculative investments. The City manages its exposure to declines in fair values by investing primarily in pooled investments that have a weighted average maturity of one year or less, with a special provision allowing up to 20% of the investment portfolio to have a maturity of not more than five years.

Investments held in the City's Police and Fire pension trust funds (the "Police Plan" and "Fire Plan", respectively) are generally held to maturity to provide a stable investment interest rate platform which is vital to the projection of actuarial pension costs in the future. Both the Police and Fire Pension trust funds are invested per City Ordinance and in compliance with Florida Statutes F.S. 175 and F.S. 185.

Credit Risk. The City's investment policy limits credit risk by restricting authorized investments to those described above. Also, the policy requires that investments held are to be diversified to the extent practicable to control the risk of loss resulting from over concentration of assets in a specific maturity, issue, instrument, dealer or bank through which financial instruments are bought and sold.

Custodial Credit Risk. The City's investment policy pursuant to Section 218.415(18), Florida Statutes requires securities, with the exception of certificates of deposits, shall be held with a third party custodian; and all securities purchased by, and all collateral obtained by the City should be properly designated as an asset of the City. The securities must be held in an account separate and apart from the assets of the financial institution. A third party custodian is defined as any bank depository chartered by the Federal Government, the State of Florida, or any other state or territory of the United States which has a branch or principal place of business in the State of Florida, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in the State of Florida. Certificates of deposits will be placed in the provider's safekeeping department for the term of the deposit.

As of September 30, 2019, the City's investment portfolio was held with a third-party custodian as required by the City's investment policy. The City's investment policy requires that time deposit investments be made only with banking institutions that are members of the State of Florida collateral pool. Florida Statutes authorize, and the state administers, a collateral pool that ensures no loss of public funds.

Concentrations of Credit Risk. The City's investment policy requires diversification, but does not specify limits on types of investments. Both the Police and Fire Pension trust funds investments are per City Ordinance and in compliance with Florida Statutes F.S. 175 and F.S. 185.

NOTES TO THE FINANCIAL STATEMENTS September 30, 2019
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Foreign Currency Risk. Investments in the City's Police Plan include international equity stocks and other investments.

The Police Fund's exposure to foreign currency risk at September 30, 2019, is as follows:

<u>Country</u>	<u>Percentage</u>	<u>Currency</u>	<u>Maturity</u>	<u>Fair Value</u>
Euro Zone	2.67%	Euro	N/A	\$ 293,516
Japan	1.82%	Japanese Yen	N/A	199,505
India	1.10%	Indian Rupee	N/A	121,394
United Kingdom	1.09%	Pound Sterling	N/A	120,132
China	1.04%	Chinese Yuan	N/A	114,832
Brazil	0.74%	Brazilian Real	N/A	81,013
under .60%	<u>2.89%</u>	Various	N/A	<u>317,870</u>
	<u>11.35%</u>			<u>\$ 1,248,262</u>

The Fire System's exposure to foreign currency risk as of September 30, 2019, is as follows:

<u>Country</u>	<u>Percentage</u>	<u>Currency</u>	<u>Maturity</u>	<u>Fair Value</u>
Euro Zone	3.47%	Euro	N/A	\$ 165,269
Japan	2.56%	Japanese Yen	N/A	121,825
United Kingdom	1.48%	Pound Sterling	N/A	70,642
India	0.92%	Indian Rupee	N/A	43,624
China	0.88%	Chinese Yuan	N/A	41,974
Brazil	0.61%	Brazilian Real	N/A	29,113
under .60%	<u>3.38%</u>	Various	N/A	<u>160,870</u>
	<u>13.30%</u>			<u>\$ 633,317</u>

Fair Value Measurements: The City categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the relative inputs used to measure the fair value of the investments. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The asset's or liability's level within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The determination of what constitutes observable inputs requires judgment by City's management. City management considers observable data to be that market data which is readily available, regularly distributed or updated, reliable, and verifiable, not proprietary, and provided by multiple independent sources that are actively involved in the relevant market.

The categorization of an investment or liability within the hierarchy is based upon the relative observability of the inputs to its fair value measurement and does not necessarily correspond to City management's perceived risk of that investment or liability.

NOTES TO THE FINANCIAL STATEMENTS September 30, 2019
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The following is a description of the recurring valuation methods and assumptions used by the City to estimate the fair value of its investments. The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

When available, quoted prices are used to determine fair value. When quoted prices in active markets are available, investments are classified within Level 1 of the fair value hierarchy. When quoted prices in active markets are not available, fair values are based on evaluated prices received by the City's asset manager from third party service providers.

The City applies fair market value updates to its securities on a daily basis. Security pricing is provided by a third party, and is reported daily to the City by its custodian bank. Assets are categorized by asset type, which is a key component of determining hierarchy levels.

Asset types allowable per the City's investment policy generally fall within hierarchy level 1 and 2. The City recorded its investments at fair value, and primarily uses the Market Approach to valuing each security. All of the City's investments at September 30, 2019, fall within hierarchy level 1 or 2.

NOTE 6 – DISAGGREGATION OF RECEIVABLES AND PAYABLES

Receivables. Amounts are aggregated into single accounts receivable (net of allowance for uncollectible accounts) amounts for certain funds and aggregated columns. Below is a detail of receivables for the governmental and business-type activities anticipated to be collected within an operating cycle at September 30, 2019:

		Community Redevelopment		
<u>Governmental Activities:</u>	<u>General</u>	<u>Agency</u>	<u>Nonmajor</u>	<u>Total</u>
Delinquent taxes.....	\$ 52,007	\$ -	\$ -	\$ 52,007
Franchise/utility tax payments.....	316,005	-	-	316,005
Utility service tax.....	34,054	-	-	34,054
Employee purchase program.....	8,232	-	-	8,232
Miscellaneous receivables.....	12,449	2,212	93	14,754
	422,747	2,212	93	425,052
Less: bad debt allowance.....	(18,560)	(564)	-	(19,124)
Total.....	<u>\$ 404,187</u>	<u>\$ 1,648</u>	<u>\$ 93</u>	<u>\$ 405,928</u>
<u>Business-type Activities:</u>	<u>Water and Sewer</u>	<u>Stormwater Drainage</u>	<u>Solid Waste</u>	<u>Total</u>
Customer receivables billed.....	\$ 481,122	\$ 60,778	\$ 194,747	\$ 736,647
Customer receivables unbilled.....	389,405	-	135,036	524,441
Other receivables.....	6,812	803	-	7,615
	877,339	61,581	329,783	1,268,703
Less: bad debt allowance.....	(71,742)	(60,204)	(26,705)	(158,651)
Total.....	<u>\$ 805,597</u>	<u>\$ 1,377</u>	<u>\$ 303,078</u>	<u>\$ 1,110,052</u>

NOTES TO THE FINANCIAL STATEMENTS September 30, 2019
CITY OF HOLLY HILL, FLORIDA

Payables. Amounts are aggregated into single accounts payable and accrued liabilities amounts for certain funds and aggregated columns. Below is a detail of payables for the governmental and business-type activities anticipated to be paid within an operating cycle at September 30, 2019:

<u>Governmental Activities:</u>	<u>General</u>	<u>Community Redevelopment Agency</u>	<u>Nonmajor</u>	<u>Internal Service</u>	<u>Total</u>
Trade accounts.....	\$ 348,008	\$ 19,813	\$ 76,716	\$ 22,395	\$ 466,932
Confiscations.....	14,231	-	-	-	14,231
Accrued wages.....	232,303	17,344	-	12,257	261,904
Sales taxes.....	45	-	-	-	45
Intergovernmental payable.....	799	-	-	-	799
Contract retention.....	21,040	10,000	92,816	-	123,856
Other accrued benefits.....	130,077	-	-	-	130,077
Total-governmental funds....	<u>\$ 746,503</u>	<u>\$ 47,157</u>	<u>\$ 169,532</u>	<u>\$ 34,652</u>	997,844
Accrued interest on debt.....					<u>49,975</u>
Total-governmental activities..					<u>\$ 1,047,819</u>
<u>Business-type Activities:</u>	<u>Water and Sewer</u>	<u>Stormwater Drainage</u>	<u>Solid Waste</u>		<u>Total</u>
Current liabilities:					
Trade accounts.....	\$ 117,662	\$ 13,236	\$ 170,068		\$ 300,966
Accrued wages.....	70,743	6,369	-		77,112
	<u>188,405</u>	<u>19,605</u>	<u>170,068</u>		<u>378,078</u>
Payable from restricted assets:					
Accrued interest on debt.....	151,853	6,500	-		158,353
	<u>151,853</u>	<u>6,500</u>	<u>-</u>		<u>158,353</u>
Total-business-type activities	<u>\$ 340,258</u>	<u>\$ 26,105</u>	<u>\$ 170,068</u>		<u>\$ 536,431</u>

NOTE 7 – CONTINGENT MORTGAGES RECEIVABLE

During 2007, the City acquired two parcels of improved real estate in conjunction with the exchange of a single parcel of unimproved vacant land. New residential structures existed on each of the acquired parcels, neither of which had ever been occupied. In 2009, the City opted to dispose of each property through its participation in a Down Payment Assistance Program (DAP), which provides financial assistance to qualifying low and moderate income individuals and families for the purchase of their first home. The DAP was developed to be in compliance with the U.S. Department of Housing and Urban Development (HUD) HOME regulations and to ensure that the goals of the Down Payment Assistance Program be carried out in a manner consistent with the HUD 24 CFR Part 92 requirements as well as local goals and objectives. By its participation in the DAP “Silent Mortgage” program, the City accepted two separate mortgages in the principal amounts of \$40,750 and \$39,410, on June 19, 2009 and September 30, 2009, respectively. Each silent mortgage is a ten-year, zero percent interest, deferred mortgage which will be forgiven at a rate of 10% per annum beginning one year from the date of the original mortgage. Under the terms and conditions of each silent mortgage, the outstanding balance on the obligation must be repaid to the City at the point of sale, transfer, refinance, or failure to maintain owner occupancy of the property. As of September 30, 2019, there are no balances due on these mortgages.

NOTES TO THE FINANCIAL STATEMENTS September 30, 2019
CITY OF HOLLY HILL, FLORIDA

NOTE 8 - INTERFUND BALANCES AND TRANSFERS

Interfund Transfers. Transfers occur to move revenues from various funds to debt service funds as debt service principal and interest payments become due and to move funds to finance various programs, provide grant matching funds, or to subsidize operations that the City must account for in other funds in accordance with budgetary authorizations. While there were no interfund transfers between the City's governmental and business-type funds during the fiscal year ended September 30, 2019, the Water and Sewer Fund transferred \$25,377 to the Stormwater Drainage Fund. Additionally, the Solid Waste Fund has loaned the General Fund \$1,320,000. This loan was implemented due to funds spent in previous years for Hurricane costs.

	Transfer <u>To</u>	Transfer <u>From</u>
Business-type Activities:		
Water and Sewer:		
General.....	\$ 25,377	-
Solid Waste		
General.....	-	25,377
	<u> </u>	<u> </u>
Totals - business-type activities.....	\$ 25,377	\$ 25,377

NOTE 9 - CAPITAL ASSETS

A summary of the capital assets activity for the year ended September 30, 2019, is as follows:

NOTES TO THE FINANCIAL STATEMENTS September 30, 2019
CITY OF HOLLY HILL, FLORIDA

	Balance 09/30/18	Addition	Adjustments Deletions	Balance 09/30/19
Governmental activities:				
Capital assets not being depreciated:				
Land.....	\$ 3,473,406	\$ -	\$ -	\$ 3,473,406
Construction work in progress.....	6,782,316	2,230,752	(1,525,136)	7,487,932
Total capital assets not being depreciated.....	10,255,722	2,230,752	(1,525,136)	10,961,338
Capital assets being depreciated:				
Buildings.....	5,294,611	26,985	-	5,321,596
Improvements other than buildings.....	6,265,204	189,719	(26,985)	6,427,938
Machinery and equipment.....	3,410,352	573,792	(371,661)	3,612,483
Infrastructure.....	9,783,399	-	-	9,783,399
Total capital assets being depreciated.....	24,753,566	790,496	(398,646)	25,145,416
Less accumulated depreciation for:				
Buildings.....	(2,316,295)	(133,862)	-	(2,450,157)
Improvements other than buildings.....	(3,034,531)	(245,696)	-	(3,280,227)
Machinery and equipment.....	(2,451,942)	(250,504)	371,661	(2,330,785)
Infrastructure.....	(5,448,044)	(217,035)	-	(5,665,079)
Total accumulated depreciation.....	(13,250,812)	(847,097)	371,661	(13,726,248)
Total capital assets being depreciated, net.....	11,502,754	(56,601)	(26,985)	11,419,168
Governmental activities capital assets, net.....	<u>\$ 21,758,476</u>	<u>\$ 2,174,151</u>	<u>\$(1,552,121)</u>	<u>\$22,380,506</u>
Business-type activities:				
Capital assets not being depreciated:				
Land.....	\$ 695,651	\$ -	\$ -	\$ 695,651
Construction work in progress.....	105,674	1,049,198	-	1,154,872
Total capital assets not being depreciated.....	801,325	1,049,198	-	1,850,523
Capital assets being depreciated:				
Buildings.....	11,039,613	-	-	11,039,613
Improvements other than buildings.....	33,764,445	88,289	-	33,852,734
Machinery and equipment.....	5,413,557	429,896	15,325	5,858,778
Infrastructure.....	8,406,935	-	-	8,406,935
Total capital assets being depreciated.....	58,624,550	518,185	15,325	59,158,060
Less accumulated depreciation for:				
Buildings.....	(7,741,528)	(168,205)	-	(7,909,733)
Improvements other than buildings.....	(15,471,864)	(1,270,016)	-	(16,741,880)
Machinery and equipment.....	(4,490,622)	(224,735)	(14,820)	(4,730,177)
Infrastructure.....	(4,714,079)	(237,608)	-	(4,951,687)
Total accumulated depreciation.....	(32,418,093)	(1,900,564)	(14,820)	(34,333,477)
Total capital assets being depreciated, net.....	26,206,457	(1,382,379)	505	24,824,583
Business-type capital assets, net.....	<u>\$ 27,007,782</u>	<u>\$ (333,181)</u>	<u>\$ 505</u>	<u>\$26,675,106</u>

NOTES TO THE FINANCIAL STATEMENTS September 30, 2019
CITY OF HOLLY HILL, FLORIDA

Depreciation expense was charged to functions/programs of the primary government as follows:

Government activities:

General government.....	\$ 85,880
Public safety.....	160,871
Transportation.....	210,106
Economic environment.....	172,192
Physical environment.....	29,941
Culture/recreation.....	<u>188,107</u>

Total depreciation expense - government activities..... \$ 847,097

Business-type activities:

Water and sewer	\$ 1,602,495
Stormwater drainage.....	297,516
Solid waste.....	<u>553</u>

Total depreciation expense - business-type activities..... \$ 1,900,564

Capitalized construction period interest, net of interest earned on unexpended construction funds, totaled \$-0- for the year ended September 30, 2019.

NOTE 10 – OPERATING LEASES

The City is committed under various non-cancelable operating leases, primarily for office equipment and a police vehicle (principally in the General Fund), none of which extend beyond five years. These leases are accounted for as operating leases and contain options to be cancelled in the event annual appropriations are not authorized. The minimum future rental payments required under operating leases that have initial or remaining lease terms in excess of one year at September 30, 2019, are as follows:

September 30, 2020.....	\$ 13,246
September 30, 2021.....	13,246
September 30, 2022.....	13,246
September 30, 2023.....	6,623

Rental expense under these obligations totaled \$12,306 for the year ended September 30, 2019.

NOTES TO THE FINANCIAL STATEMENTS September 30, 2019
CITY OF HOLLY HILL, FLORIDA

NOTE 11 - LONG-TERM DEBT

The City's long-term debt outstanding at September 30, 2019 is as follows:

A. Governmental Activities:	Total Balance Due	Current Maturities
Revenue Note Payable:		
Promissory note payable to Sun Trust Bank of Volusia County:		
2.04% Community Redevelopment Agency (CRA)		
Redevelopment Revenue Refunding Note, Series 2012 dated		
April 25, 2012; principal and interest payments due semi-		
annually through 2026; secured by tax increment revenues	\$ 2,590,000	\$ 350,000
Promissory note payable to BB&T:		
2.33% Community Redevelopment Agency (CRA)		
Redevelopment Revenue Note, Series 2013 dated April 24,		
2013; principal and interest payments due semi-annually		
through 2026; secured by tax increment revenues.....	<u>2,880,000</u>	<u>380,000</u>
Total revenue note and capital lease	5,470,000	730,000
Net post-employment benefits obligation	1,889,548	-
Compensated absences (current portion estimated)	1,056,159	188,049
Net pension liability	<u>5,863,125</u>	<u>-</u>
Total governmental activities long-term debt	<u>\$14,278,832</u>	<u>\$ 918,049</u>

A summary of changes in the City's governmental activities long-term debt for the year is as follows:

	Balances 9/30/2018	Additions	Deletions	Balances 9/30/2019
Revenue Notes Payable:				
SunTrust Bank - 2.04% CRA				
Redevelopment Revenue Refunding				
Note, Series 2012.....	\$ 2,930,000	\$ -	\$ (340,000)	\$ 2,590,000
BB&T - 2.33% CRA				
Redevelopment Revenue Note				
Series 2013.....	3,255,000	-	(375,000)	2,880,000
Net postemployment obligation.....	1,896,986	-	(7,438)	1,889,548
Compensated absences.....	893,735	569,922	(407,498)	1,056,159
Net pension liability.....	<u>5,161,982</u>	<u>701,143</u>	<u>-</u>	<u>5,863,125</u>
	<u>\$ 14,137,703</u>	<u>\$ 1,271,065</u>	<u>\$(1,129,936)</u>	<u>\$ 14,278,832</u>

NOTES TO THE FINANCIAL STATEMENTS September 30, 2019
CITY OF HOLLY HILL, FLORIDA

Aggregate debt service requirements to maturity on governmental activities long-term debt obligations are as follows:

Fiscal Year	Total
September 30, 2020.....	\$ 856,937
September 30, 2021.....	854,347
September 30, 2022.....	856,280
September 30, 2023.....	852,855
September 30, 2024.....	854,012
September 30, 2025 through 2026.....	<u>2,206,680</u>
Total debt service requirements.....	6,481,111
Less: interest.....	<u>(1,011,111)</u>
Net principal amount.....	<u>\$ 5,470,000</u>

Interest expense incurred for governmental activities for the year ended September 30, 2019 totaled \$137,657. The City did not capitalize any construction period interest on governmental activities long-term debt during the year.

B. Business-Type Activities:

	Total Balance Due	Current Maturities
Revenue Bonds Payable:		
Water and Sewer System Improvement Revenue Bond, Series 2005 3.82% due in installments to October 2025	\$ 655,000	85,000
Water and Sewer System Improvement Revenue Bond, Series 2011 3.46%, due in installments to October 2030	3,205,000	220,000
Water and Sewer System Improvement Refunding Revenue Bond, Series 2012 1.95% due in installments to October 2022	3,585,000	870,000
Water and Sewer System Improvement Revenue Bond, Series 2013 1.94% due in installments to October 2023	810,000	155,000
Revenue Notes Payable:		
State of Florida, Department of Environmental Protection-Clean Water State Revolving Fund Loan Agreement-3.11% construction loan dated July 28, 1998, in the amount of \$2,647,500, due semi-annually beginning June 2001 through December 2020, secured with water and sewer service charges	308,787	152,011
State of Florida, Department of Environmental Protection-Clean Water State Revolving Fund Loan Agreement-2.12% construction loan dated November 21, 2005, in the amount of \$659,388 (amount drawn to date \$306,042), due semi-annually beginning April 2007 through October 2027, secured with water and sewer service charges	281,327	34,990

NOTES TO THE FINANCIAL STATEMENTS September 30, 2019
CITY OF HOLLY HILL, FLORIDA

	Total Balance Due	Current Maturities
State of Florida, Department of Environmental Protection-Clean Water State Revolving Fund Loan Agreement-2.17% construction loan dated October 17, 2007, in the amount of \$5,261,318 (amount drawn to date \$5,224,807), due semi- annually beginning September 2009 through September 2029, secured with water and sewer service charges.....	2,812,908	269,676
State of Florida, Department of Environmental Protection-Clean Water State Revolving Fund Loan Agreement - 3.27% construction loan (\$353,840) dated January 30, 2001; 3.16% loan (\$884,371) dated September 10, 2001; 2.12% loan (\$1,459,241) dated July 24, 2002; 1.99% loan (\$2,601,357) dated June 24,2003, in the aggregate amount of \$5,298,810 for local stormwater pollution control and drainage improvements, with combined total payments of \$176,808, due semi-annually, on January 15 and July 15, commencing on January 15, 2005 through 2023; secured with stormwater service charges	<u>1,343,279</u>	<u>324,286</u>
Total bonds and notes payable.....	13,001,301	2,110,963
Capital lease payable to SunTrust Equipment Finance & Leasing Corp – 3.36% (\$379,555) dated November 30, 2018 due in monthly installments Of \$5,077 due in November 2025. Collateralized by specific equipment....	338,381	50,208
Net postemployment obligation.....	668,969	-
Compensated absences (current portion estimated).....	279,214	56,799
Net pension liability.....	<u>1,295,687</u>	<u>-</u>
Total business-type activities long-term debt	<u>\$15,583,552</u>	<u>2,217,970</u>

NOTES TO THE FINANCIAL STATEMENTS September 30, 2019
CITY OF HOLLY HILL, FLORIDA

A summary of changes in the City's business-type activities long-term debt for the year is as follows:

	Balances 9/30/2018	Additions	Deletions	Balances 9/30/2019
Water and Sewer System Improvement Revenue Bond, Series 2005.....	\$ 735,000	\$ -	\$ (80,000)	\$ 655,000
Water and Sewer System Improvement Revenue Bond, Series 2011.....	3,415,000	-	(210,000)	3,205,000
Water and Sewer System Improvement Refunding Revenue Bond, Series 2012.....	4,440,000	-	(855,000)	3,585,000
Water and Sewer System Improvement Revenue Bond, Series 2013.....	960,000	-	(150,000)	810,000
FDEP Clean Water State Revolving Fund Loans:				
3.11% Loan dated 07/28/98.....	456,179	-	(147,392)	308,787
2.12% Loan dated 11/21/05.....	315,585	-	(34,258)	281,327
2.17% Loan dated 10/17/07.....	3,076,828	-	(263,920)	2,812,908
3.27% Loan dated 01/30/01.....	1,660,180	-	(316,901)	1,343,279
Capital Lease.....	-	379,555	(41,174)	338,381
Net postemployment obligation.....	671,934	-	(2,965)	668,969
Compensated absences.....	318,852	178,557	(218,195)	279,214
Net pension liability.....	<u>1,143,714</u>	<u>151,973</u>	<u>-</u>	<u>1,295,687</u>
	<u>\$ 17,193,272</u>	<u>\$ 710,085</u>	<u>\$(2,319,805)</u>	<u>\$ 15,583,552</u>

The annual debt service and mandatory term bond amortization requirements through maturity are as follows:

Fiscal Year	Bonds	Notes	Lease	Total
September 30, 2020.....	\$ 1,574,186	\$ 884,089	\$ 60,828	\$ 2,519,103
September 30, 2021.....	1,562,720	884,089	60,828	2,507,637
September 30, 2022.....	1,565,415	723,647	60,828	2,349,890
September 30, 2023.....	1,557,035	723,647	60,828	2,341,510
September 30, 2024.....	618,835	370,031	60,828	1,049,694
September 30, 2025 through 2029....	1,901,017	1,605,093	71,937	3,578,047
September 30, 2030 through 2031....	<u>656,732</u>	<u>-</u>	<u>-</u>	<u>656,732</u>
Total debt service requirements.....	9,435,940	5,190,596	376,077	15,002,613
Less: interest.....	<u>(1,180,940)</u>	<u>(444,295)</u>	<u>(37,696)</u>	<u>(1,662,931)</u>
Net principal amount.....	<u>\$ 8,255,000</u>	<u>\$ 4,746,301</u>	<u>\$ 338,381</u>	<u>\$ 13,339,682</u>

NOTES TO THE FINANCIAL STATEMENTS September 30, 2019
CITY OF HOLLY HILL, FLORIDA

Total interest and debt expense incurred for business-type activities for the year ended September 30, 2019 was \$422,913. The City did not capitalize any construction period interest on business-type activities long-term debt during the year. Interest and debt expense includes \$34,875 of amortization expense from deferred charge on refunded obligations for the year.

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description. The City of Holly Hill, Florida, Other Postemployment Benefits Program (the “Plan”) is a single-employer defined benefit postemployment healthcare plan that covers eligible retired employees of the City. The Plan, which is administered by the City, allows employees who retire and meet retirement eligibility requirements under one of the City’s retirement plans to continue medical and life insurance coverage as a participant in the City’s plan. For purposes of GASB #75, the Plan does not meet the requirements for an OPEB plan administered through a trust. The OPEB Plan does not issue a publicly available financial report.

Employees covered by benefit terms as of October 1, 2018 were as follows:

Inactive plan members or beneficiaries currently receiving benefits	46
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	<u>108</u>
	<u>154</u>

Benefits Provided. A retired employee and his or her spouse are eligible to continue health insurance identical to active employees if they meet the eligibility for retirements under the applicable Plan. The retiree is responsible for paying the entire monthly premium for health coverage and that of any covered spouse or eligible dependents. Upon attainment of age 65, Medicare is considered to be the primary coverage.

A life insurance benefit is offered to retirees. The initial amount of life insurance is equal to final salary at retirement. If retirement occurred before July 1, 2007, then the life insurance benefit is reduced, based on a percentage of the initial amount (65% at age 65, 42% at age 70, and 28% at age 75). If retirement occurred on or after July 1, 2007, then the initial amount is reduced by 50% at age 75. The retiree must pay the full premium in effect for this coverage.

Total OPEB Liability.

Measurement Date – 9/30/2019
Measurement Period – 10/1/2018 to 9/30/2019
Reporting Period – 10/1/2018 to 9/30/2019

Sponsor’s Total OPEB liability measurement date - 9/30/2019

Note – The Sponsor’s Total OPEB Liability for the City’s ledger adjustment was measured as of September 30, 2018 using a discount rate of 3.58%.

NOTES TO THE FINANCIAL STATEMENTS September 30, 2019
CITY OF HOLLY HILL, FLORIDA

Actuarial Assumptions. The total OPEB liability was determined by an actuarial valuation as of October 1, 2018 using the following actuarial assumptions –

Inflation	2.50%
Salary Increases	varies by service
Discount Rate	3.58%
Initial Trend Rate	8.00%
Ultimate Trend Rate	4.00%
Years to Ultimate	56

All mortality rates were based on the RP-2000 mortality tables. All mortality rates are those outlined in Milliman's July 1, 2018 Florida Retirement System (FRS) valuation report.

Mortality – Active Lives For female lives, 100% of the Combined Healthy White-Collar table was used. For male (non-special risk) lives, a 50% Combined Healthy White-Collar table, 50% Combined Healthy Blue-Collar table blend was used. For male special risk lives, a 10% Combined Healthy White-Collar table, 90% Combined Healthy Blue-Collar table blend was used. All tables include fully generational adjustments for mortality improvements using improvement scale BB.

Mortality – Inactive Healthy Lives For female lives, 100% of the Annuitant White-Collar table was used. For male (non-special risk) lives, a 50% Annuitant White-Collar table, 50% Annuitant Blue-Collar table blend was used. For male special risk lives, a 10% Annuitant White-Collar table, 90% Annuitant Blue-Collar table blend was used. All tables include fully generational adjustments for mortality improvements using improvement scale BB.

Mortality -Disabled Lives For female (non-special risk) lives, 100% of the Disabled Female table was used, set forward two years. For female special risk lives, a 60% of the Disabled Female Table, 40% Annuitant White-Collar table with no setback blend was used. For male (non-special risk) lives, 100% of the Disabled Male table was used, set back four years. For Male special risk lives, a 60% Disabled Male table, 40% Annuitant White-Collar table with no setback blend was used. Disabled mortality has not been adjusted for mortality improvements.

Discount Rate Given the City's decision not to fund the program, all future benefit payments were discounted using a high quality municipal bond rate of 3.58%. The high quality municipal bond rate was based on the week closest but not later than the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index as published by the S&P Dow Jones Indices. The S&P Municipal Bond 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor's Rating Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the Total OPEB Liability of the Sponsor, as well as what the Sponsor's Total OPEB Liability would be if it were calculated using a discount rate that is one percentage point lower (2.58 percent) or one percentage point higher (4.58 percent) than the current rate:

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
Net OPEB Liability	\$ 2,883,342	\$ 2,558,517	\$ 2,291,832

NOTES TO THE FINANCIAL STATEMENTS September 30, 2019
CITY OF HOLLY HILL, FLORIDA

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the Total OPEB Liability of the Sponsor, as well as what the Sponsor's Total OPEB Liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (3.00% - 7.00%) or 1 percentage point higher (5.00% - 9.00%) than the healthcare cost trend rates (4.00% - 8.00%):

	<u>1%</u> <u>Decrease</u>	<u>Current</u> <u>Rate</u>	<u>1%</u> <u>Increase</u>
Total OPEB Liability (Asset)	\$ 2,402,910	\$ 2,558,517	\$ 2,738,476

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB

For the year ended September 30, 2019, the Sponsor will recognize OPEB expense of \$227,734.

On September 30, 2018, the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB from the following sources:

	<u>Outflows of</u> <u>Resources</u>	<u>Inflows of</u> <u>Resources</u>
Changes of Assumptions.....	\$ <u>1,569</u>	\$ <u>266,653</u>

The above amounts will be recognized in OPEB Expense as follows:

September 30, 2020.....	\$ (74,359)
September 30, 2021.....	(74,359)
September 30, 2022.....	(74,359)
September 30, 2023.....	(42,007)

NOTES TO THE FINANCIAL STATEMENTS September 30, 2019
CITY OF HOLLY HILL, FLORIDA

Components of OPEB Expense. The components of OPEB expense as of September 30, 2019 are as follows:

	<u>Total OPEB</u> <u>Liability</u>	<u>Deferred</u> <u>Inflows</u>	<u>Deferred</u> <u>Outflows</u>	<u>OPEB</u> <u>Expense</u>
Beginning balance	\$ 2,568,920	\$ 129,396	\$ -	\$ -
Total OPEB liability factors:				
Service cost.....	183,957	-	-	183,957
Interest.....	113,136	-	-	113,136
Demographic factors.....	1,961	-	1,961	-
Change in assumptions.....	(212,008)	212,008	-	-
Current Year Amortization of experience.....	-	-	(392)	392
Current Year Amortization of assumptions.....	-	(74,751)	-	(74,751)
Benefit payments.....	<u>(97,449)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change	<u>\$ (10,403)</u>	<u>\$ 137,257</u>	<u>\$ 1,569</u>	<u>\$ 222,734</u>
Pay-As-You-Go Costs				
Contributions - Employer.....	\$ 102,449	\$ -	\$ -	\$ -
Benefit payments.....	(97,449)	-	-	-
Administrative expenses.....	<u>(5,000)</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
Net change	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
Ending balance.....	<u>\$ 2,558,517</u>	<u>\$ 266,653</u>	<u>\$ 1,569</u>	<u>\$ 227,734</u>

The Plan is not funded through a trust, however “Pay-As-You-Go” related costs must still be considered when developing the OPEB expense.

NOTE 13 - PENSION PLANS

1. Florida Retirement System (FRS) (Defined Benefit Pension Plan)

General Information About the FRS. The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any State-administered retirement system in paying the costs of health insurance.

NOTES TO THE FINANCIAL STATEMENTS September 30, 2019
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Essentially, membership in the State-administered FRS and HIS plans is limited to all regular employees of the City who were employed before January 1, 1996 and after September 30, 2005, including those individuals employed between these two periods that subsequently elected to roll over their net pension assets into the FRS Plans. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the Web site:

www.dms.myflorida.com/workforce_operations/retirement/publications

Plan Description. The FRS Pension Plan (Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The City's general classes of membership are as follows:

- Regular Class - Members of the FRS who do not qualify for membership in the other classes; and
- Senior Management Service Class (SMSC) - Members in senior management level positions.

Employees enrolled in the Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of the Plan may include up to four years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits.

NOTES TO THE FINANCIAL STATEMENTS September 30, 2019
CITY OF HOLLY HILL, FLORIDA

The following chart shows the percentage value for each year of service credit earned:

<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>% Value</u>
<i>Regular Class members initially enrolled before July 1, 2011:</i>	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
<i>Regular Class members initially enrolled on or after July 1, 2011:</i>	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
<i>Senior Management Service Class</i>	2.00

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2018-2019 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Salary</u>		
	<u>Employee</u>	<u>Employer (1)</u>	
		<u>Pre 7/01/19</u>	<u>Post 6/30/19</u>
FRS, Regular	3.00	8.26	8.47
FRS, Senior Management Service	3.00	24.06	25.41
DROP - Applicable to Members of the Above Class	0.00	14.03	14.60
FRS, Reemployed Retiree		(2)	(2)

Notes: (1) Employer rates include 1.66 percent and 1.66 percent for the postemployment health insurance subsidy for Pre 7/1/19 and Post 6/30/19, respectively. Also, employer rates, other than for DROP participants, include 0.06 percent for administrative costs of the Investment Plan.

(2) Contribution rates are dependent upon retirement class in which reemployed.

The City's employer and employee contributions to the FRS Plan totaled \$215,918 and \$63,910, respectively, for the fiscal year ended September 30, 2019. This excludes HIS defined benefit pension plan contributions of \$49,732 and FRS Investment Plan contributions of \$45,925.

NOTES TO THE FINANCIAL STATEMENTS September 30, 2019
CITY OF HOLLY HILL, FLORIDA

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2019, the City reported a liability of \$2,588,529 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The City's proportionate share of the net pension liability was based on the City's 2018-2019 fiscal year contributions relative to the 2018-2019 fiscal year contributions of all participating members based on a June 30, 2019 fiscal year. At June 30, 2019, the City's proportionate share was 0.007518387 percent, which was an increase of 0.000459612 percent from its proportionate share measured as of June 30, 2018 of 0.007058775 percent.

For the fiscal year ended September 30, 2019, the City recognized the Plan pension expense of \$441,210. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 153,575	\$ 1,607
Change of assumptions	665,026	-
Net difference between projected and actual earnings on FRS pension plan investments	-	143,250
Changes in proportion and differences between City FRS contributions and proportionate share of contributions	142,609	4,341
City FRS contributions subsequent to the measurement date	<u>62,427</u>	<u>-</u>
Total	<u>\$ 1,023,637</u>	<u>\$ 149,198</u>

The deferred outflows of resources related to pensions, totaling \$62,427, resulting from the City's contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The remaining \$812,282 reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2020	\$ 272,047
2021	101,417
2022	205,797
2023	162,052
2024	<u>70,699</u>
	<u>\$ 812,012</u>

Actuarial Assumptions. The total pension liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary Increases	3.25 percent, average, including inflation
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

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Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the July 1, 2019, valuation were based on the most recent actuarial experience study for the period July 1, 2013, through June 30, 2018.

Long-Term Expected Rate of Return. The long-term expected rate of return assumption of 6.90 percent consists of two building block components: 1) a real (in excess of inflation) return of 4.30 percent, consistent with the currently articulated real return target in the current Florida State Board of Administration's investment policy, developed using capital market assumptions calculated by Aon Hewitt Investment Consulting; and 2) a long-term average annual inflation assumption of 2.60 percent as adopted in October 2019 by the FRS Actuarial Assumption Conference. In the opinion of the FRS consulting actuary, Milliman, both components and the overall 6.90 percent return assumption were determined to be reasonable and appropriate per the Actuarial Standards of Practice. The 6.90 percent reported investment return assumption differs from the 7.00 percent investment return assumption chosen by the 2018 FRS Actuarial Assumption Conference for funding policy purposes, as allowable under governmental accounting and reporting standards.

For reference, the table below contains a summary of Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.00%	3.00%	3.00%	1.80%
Fixed income	18.00%	4.50%	4.40%	4.20%
Global equity	53.00%	7.80%	6.60%	17.00%
Real Estate (Property)	10.00%	6.60%	5.90%	12.80%
Private Equity	6.00%	11.50%	7.80%	30.00%
Strategic investments	12.00%	6.10%	5.60%	9.70%
Total	100.00%			
Assumed Inflation - Mean		2.60%		1.90%

Note: (1) As outlined in the Plan's Investment Policy

Calculation of Money-Weighted Rate of Return. For the year ended June 30, 2019, the annual money-weighted rate of return on FRS pension plan investments, net of pension plan investment expense, was 5.98 percent. The money-weighted rate of return considers the changing amounts estimated as invested during a period and weights the amount of pension plan investments by the proportion of time they are available to earn a return during that period. Cash flows are estimated on a monthly basis and are assumed to occur at the beginning of each month. Cash inflows are netted with cash outflows, resulting in a net cash flow in each month. The money-weighted rate of return is calculated net of investment expenses.

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Discount Rate. The discount rate used to measure the total pension liability was 6.90 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the City's Proportionate Share of the Net Position Liability to Changes in the Discount Rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90 percent) or 1 percentage-point higher (7.90 percent) than the current rate:

	1% Decrease <u>(5.90%)</u>	Current Discount Rate <u>(6.90%)</u>	1% Increase <u>(7.90%)</u>
The City's proportionate share of the net pension liability	\$ 4,475,913	\$ 2,589,228	\$ 1,013,527

Pension Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Payables to the FRS Pension Plan. The City had no amounts payable to the FRS Plan for outstanding contributions at September 30, 2019.

2. Florida Retirement System - Health Insurance Subsidy (HIS) Pension Plan (Defined Benefit Pension Plan)

Plan Description. The HIS Pension Plan (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided. For the fiscal year ended June 30, 2019, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state administered retirement systems must provide proof of eligible health insurance coverage, which may include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2019, the HIS contribution rates for the period from October 1, 2018 through June 30, 2019, and from July 1, 2019 through September 30, 2019, were 1.66% and 1.66%, respectively, of payroll pursuant to section 112.363, Florida Statutes. The City contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

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The City's contributions to the HIS Plan totaled \$49,732 for the fiscal year ended September 30, 2019.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources Related to Pensions. At September 30, 2019, the City reported a net pension liability of \$1,035,827 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The City's proportionate share of the net pension liability was based on the City's 2018-2019 fiscal year contributions relative to the total 2018-2019 fiscal year contributions of all participating members. At June 30, 2019, the City's proportionate share was 0.009257548 percent, which was an increase of 0.000133722 percent from its proportionate share measured as of June 30, 2018, of 0.009123826 percent.

For the fiscal year ended September 30, 2019, the City recognized the Plan pension expense of \$43,075. In addition, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 12,581	\$ 1,268
Change of assumptions	119,936	84,660
Net difference between projected and actual earnings on HIS pension plan investments	668	-
Changes in proportion and differences between City HIS contributions and proportionate share of contributions	49,428	-
City HIS contributions subsequent to the measurement date	<u>11,154</u>	<u>-</u>
Total	<u>\$ 193,767</u>	<u>\$ 85,928</u>

The deferred outflows of resources related to pensions, totaling \$11,154, resulting from the City's contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The remaining \$96,685 reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2020	\$ 30,026
2021	26,005
2022	18,709
2023	3,478
2024	<u>18,467</u>
	<u>\$ 96,685</u>

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Actuarial Assumptions. The total pension liability in the July 1, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary Increases	3.25 percent, average, including inflation
Investment rate of return	3.50 percent

Mortality rates were based on the Generational RP-2000 with Projection Scale BB.

The following changes in actuarial assumptions occurred in 2019:

The municipal rate used to determine total pension liability was decreased from 3.87% to 3.50%.

Discount Rate. The discount rate used to measure the total pension liability was 3.50 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the Entity's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 3.50 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.50 percent) or 1 percentage point higher (4.50 percent) than the current rate:

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
City's proportionate share of the net pension liability	\$ 1,182,450	\$ 1,035,827	\$ 913,707

Pension Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Payable to the HIS Pension Plan - The City had no amounts payable to the HIS Plan for outstanding contributions at September 30, 2019.

3. Florida Retirement System – Investment Plan (Defined Contribution Pension Plan)

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan ("FRS Investment Plan"), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. Employees are required to contribute 3.00% of their salary.

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The City's employer and employee contributions to the Investment Plan totaled \$45,571 and \$17,688, respectively, for the fiscal year ended September 30, 2019.

Payable to the FRS Investment Plan - The City had no amounts payable to the FRS Investment Plan for outstanding contributions at September 30, 2019.

4. Police Officers' Retirement Trust Fund (Defined Benefit Pension Plan)

Plan Description. The City's Police Officers' Retirement Trust Fund (the "Police Fund") is a single-employer defined benefit pension trust fund (fiduciary fund type) of the City established under the provisions of Chapter 42, Article II, Code of Ordinances and Chapter 185, Florida Statutes. The Police Plan provides retirement, disability, and survivor benefits for all City police officers who participate in the plan. Management, administration and operation of the Police Fund, and its investments portfolio, is vested in a five-member Board of Trustees using the services of the City staff, local financial institutions, and contracted third-party fund custodians. The Board of Trustees consists of five trustees, two of whom must be legal residents of the City and appointed by the Holly Hill City Commission, and two of whom must be members of the Police Fund and elected by a majority of the police officers who are members of the Police Fund. The fifth trustee shall be chosen by a majority of the previous four trustees and approved by the Holly Hill City Commission. The Police Fund does not issue a publicly available stand-alone financial report.

Benefits Provided. The Police Fund provides retirement, disability and death benefits to full-time employees who are classified as fulltime police officers that must participate in the Police Fund as a condition of employment. Retirement benefits for vested plan members are calculated as 3 percent of the member's average monthly earnings for the highest 5 years during the 10 years immediately preceding termination times the member's years of credited service. Credited service includes the total years and fractional parts of years of service with the City as a police officer. Average monthly earnings are based on total compensation reportable on the annual Form W-2 plus all tax deferred or tax exempt items of income. An additional 10.6% of earnings is included for calculating average final compensation if the member was employed by the City prior to October 1, 1999.

Police Fund members are eligible for normal retirement benefits at the earlier of age 55 with 6 years (vesting period) of credited service or completion of 20 years of credited service, regardless of age. For members hired on or after July 1, 2011, eligibility for normal retirement benefits is the earlier of age 55 with 10 years of credited service, or completion of 20 years of credited service, regardless of age. Early retirement benefits are available to plan members who have reached age 50 with 6 years of credited service, or at age 55 with 10 years of credited service if employed on or after July 1, 2011. Accrued retirement benefits are reduced by 3% for each year that early retirement precedes normal retirement. All plan members are eligible for non-duty disability benefits after 10 years of credited service and for duty-related disability benefits upon hire (date of employment as a police officer). Disability retirement benefits are determined in the same manner as retirement benefits and are payable immediately without an actuarial reduction, except that benefits (accrued to date of disability) are not less than 42% of average monthly earnings for service incurred and not less than 25% of average monthly earnings for non-service incurred. Pre-retirement death benefits for vested members are equal to the monthly accrued benefit payable at the member's normal retirement date to a designated beneficiary for 10 years, with payment options available. Non-vested members' designated beneficiaries are entitled to a refund of the member's contributions without interest.

An annual cost-of-living adjustment (COLA) of 2% is provided to officers retiring on or after September 30, 2006, with the first adjustment occurring on the first year anniversary of the employee's retirement. For all officers retiring on or after October 6, 2009, the two percent cost of living adjustment is provided with the first adjustment occurring on the fifth year anniversary of the employee's retirement date.

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Employees Covered by Benefit Terms. Membership in the Police Fund consisted of the following, as included in the most recent actuarial valuation dated October 1, 2018:

Inactive plan members or beneficiaries currently receiving benefits.....	18
Inactive plan members entitled to but not yet receiving benefits.....	8
Active plan members	<u>23</u>
Total.....	<u>49</u>

Contributions. The Florida Constitution grants the authority to establish and amend the contribution requirements of the City and active plan members to the plan sponsor (City). The City is required to make quarterly contributions to the Police Fund in an amount equal to the required actuarially determined contribution based on the applicable actuarial valuation of the Police Fund performed by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of plan members in order to pay current costs and amortize unfunded past service cost, if any, as provided in Part VII of Chapter 112, Florida Statutes.

Police Plan members are required to contribute 7% of their annual covered salary (or 5% of annual covered salary if hired before July 1, 2011). Additionally, pursuant to Chapter 185, Florida Statutes, the state collects a locally authorized insurance premium surcharge for the Police Fund on certain real and personal property insurance policies underwritten in the corporate limits of the City which can only be distributed after the State has ascertained that the local government has met its actuarial funding requirement for the most recently completed fiscal year. In accordance with Florida Statutes, a portion of the premium tax revenues received by the Police Fund are reserved to provide future minimum or extra benefits and may not be used to reduce or offset the contribution requirements of the employers.

For the year ended September 30, 2019, the active member contribution rates were 7.0 percent of annual pensionable pay for members hired after June 30, 2011, and 5.0 percent of annual pensionable pay for members hired prior to July 1, 2011, for a total of \$73,685 (or a blended 6.44 percent of covered payroll). For 2019, the City's average contribution rate was 44.50 percent of covered payroll (or \$509,192), and the state funding was 12.14 percent of covered payroll (or \$138,915). Covered payroll for the year ended September 30, 2019, totaled \$1,144,300.

Deferred Retirement Option Plan (DROP). Any member who is eligible to receive a normal retirement pension in the Police Fund may elect to participate in a deferred retirement option program (DROP) while continuing his or her active employment as a police officer. The DROP participation period may not exceed 60 months beginning at the time an election to participate in the DROP first becomes effective. An election to participate in the DROP constitutes an irrevocable election to resign from the service of the City at the end of the DROP term. A member may participate only once. Upon participation in the DROP, the member becomes a retiree for all plan purposes so that he or she ceases to accrue any further benefits under the Police Fund. Normal retirement payments that would have been payable to the member are accumulated and invested in the DROP program with a guaranteed annual rate of return (equivalent to the actual net rate of investment return, net of broker commissions, management fees and transactions costs), to be distributed to the member upon his or her termination of employment. At September 30, 2019, there was one DROP participant in the Police Fund.

As of September 30, 2019, the balance in the DROP account was \$117,476. When funded, these amounts are included in the total investment balance presented on the statement of fiduciary net position.

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Net Pension Liability. The City's net pension liability was measured as of September 30, 2019, and the total pension liability used to calculate the net pension liability was determined as of that date.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of October 1, 2018 updated to September 30, 2019, using the following actuarial assumptions applied to all measurement periods:

Inflation.....	2.40%
Salary increases.....	Service based
Discount rate.....	7.40%
Investment rate of return, net of investment expense, including inflation.....	7.40%

The most recent actuarial experience study used to review the other significant assumptions was dated August 10, 2016.

Mortality Rates - Healthy Lives. Mortality rates were based on the RP-2000 Mortality Table as follows:

Female: RP2000 Generational, 100% Combined Healthy White Collar, Scale BB.
Male: RP2000 Generational, 10% Combined Healthy White Collar /90% Combined Healthy Blue Collar, Scale BB.

Mortality Rates - Healthy Inactive Lives. Mortality rates were based on the RP-2000 Mortality Table as follows:

Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB.
Male: RP2000 Generational, 10% Annuitant White Collar /90% Annuitant Blue Collar, Scale BB

Mortality Rates - Disabled Lives. Mortality rates were based on the RP-2000 Mortality Table as follows:

Female: 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale.
Male: 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale.

Long-Term Expected Rate of Return. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For 2019, the inflation rate assumption of the investment advisor was 1.90%.

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Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Real Rate of Return</u>
Domestic Equity.....	7.30%
International Equity.....	2.70%
Fixed Income.....	3.60%
Private Real Estate.....	4.90%

Discount Rate. The discount rate used to measure the total pension liability was 7.40 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability. The following is a summary of the changes in net pension liability for the year ended September 30, 2019:

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Reporting Period Ending September 30, 2018.....	\$ 12,761,902	\$ 10,819,490	\$ 1,942,412
Changes for the Year:			
Service cost.....	244,196	-	244,196
Interest.....	936,633	-	936,633
Differences between expected and actual experience.....	129,854	-	129,854
Changes of assumptions.....	-	-	-
Changes of benefit terms.....	-	-	-
Contributions-employer.....	-	491,324	(491,324)
Contributions-state.....	-	138,915	(138,915)
Contributions-employee.....	-	71,049	(71,049)
Net investment income.....	-	418,296	(418,296)
Benefit payments, including refunds of employee contributions.....	(697,780)	(697,780)	-
Administrative expense.....	-	(20,763)	20,763
Net changes.....	<u>612,903</u>	<u>401,041</u>	<u>211,862</u>
Reporting Period Ending September 30, 2019.....	<u>\$ 13,374,805</u>	<u>11,220,531</u>	<u>2,154,274</u>

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Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the City, calculated using the discount rate of 7.40 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.40 percent) or 1-percentage-point higher (8.40 percent) than the current rate:

	1% Decrease (6.40%)	Discount Rate (7.40%)	1% Increase (8.40%)
City's net pension liability.....	\$ 3,727,837	\$ 2,154,274	\$ 846,758

Pension Plan Fiduciary Net Position. Detailed information about the Police Fund's fiduciary net position is available from the Board of Trustees of the Holly Hill Police Officers' Retirement Trust Fund.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources Related to Pensions. For the year ended September 30, 2019, the City recognized pension expense of \$584,385. On September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to the Police Fund from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 149,730	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on Pension Plan investments	<u>106,791</u>	<u>-</u>
Total	<u>\$ 256,521</u>	<u>\$ -</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending September 30</u>	<u>Amount</u>
2020	\$ 77,345
2021	18,890
2022	83,944
2023	<u>76,342</u>
	<u>\$ 256,521</u>

5. Firefighter' Retirement System (Defined Benefit Pension Plan)

Plan Description. The City's Firefighters' Retirement System (the "Fire System") is a single-employer defined benefit pension trust fund (fiduciary fund type) of the City established under the provisions of Chapter 42, Article III of the City's Code of Ordinances and Chapter 175, F.S. The Fire System provides retirement, disability, and survivor benefits for all City firefighters who participate in the plan.

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Management, administration and operation of the Fire System, and its investments portfolio, is vested in a five-member Board of Trustees using the services of the City staff, local financial institutions, and contracted third-party fund custodians. The Board of Trustees consists of five trustees, two of whom must be legal residents of the city and appointed by the Holly Hill City Commission, and two of whom must be members of the Fire System and elected by a majority of the firefighters who are members of the Fire System. The fifth trustee shall be chosen by a majority of the previous four trustees and approved by the Holly Hill City Commission. The Fire System does not issue a publicly available stand-alone financial report.

Benefits Provided. The Fire System provides retirement, disability and death benefits to full-time employees who are classified as fulltime Firefighters that must participate in the Fire System as a condition of employment. Retirement benefits for vested plan members are calculated as 3 percent of the member's average monthly earnings for the best 5 years during the 10 years immediately preceding termination times the member's years of credited service. Credited service includes the total years and fractional parts of years of service with the City as a Firefighter. Average monthly earnings are based on total compensation reportable on the annual Form W-2 plus tax deferred, tax sheltered or tax exempt items of income, including sick leave incentive, cleaning, 10-10 allowances, or any other payments.

Fire System members are eligible for normal retirement benefits at the earlier of age 50 with 6 years (vesting period) of credited service or completion of 25 years of credited service, regardless of age. Early retirement benefits are available to plan members who have reached age 48 with 6 years of credited service. Accrued retirement benefits are actuarially reduced for each year that early retirement precedes normal retirement (which is determined as if employment continued). All plan members are eligible for non-duty disability benefits after 10 years of credited service and for duty-related disability benefits upon hire (date of employment as a firefighter). Disability retirement benefits are determined in the same manner as retirement benefits and are payable immediately without an actuarial reduction, except that benefits (accrued to date of disability) are not less than 42% of average monthly earnings for service incurred. Pre-retirement death benefits for vested members are equal to the monthly accrued benefit payable at the member's normal retirement date to a designated beneficiary for 10 years, with payment options available. At a minimum, if a member dies in active service and is vested, 50% of the member's salary at the time of death is payable over the remaining life of the spouse, commencing on the first day of the month following the member's death. Non-vested members' designated beneficiaries are entitled to a refund of the member's contributions.

The benefit terms do not provide for any cost-of-living adjustments for the retired members of the Fire System. However, Fire System retirees receive a supplement of \$19.00 per month per year of credited service payable to the date on which unreduced Social Security benefits become payable.

Employees Covered by Benefit Terms. Membership in the System consisted of the following, as included in the most recent actuarial valuation dated October 1, 2018:

Inactive plan members or beneficiaries currently receiving benefits.....	12
Inactive plan members entitled to but not yet receiving benefits.....	0
Active plan members	<u>12</u>
Total.....	<u>24</u>

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Contributions. The Florida Constitution grants the authority to establish and amend the contribution requirements of the City and active plan members to the plan sponsor (City). In accordance with Article III, Section 42-65, Holly Hill, Florida, Code of Ordinances, the City is required to make quarterly contributions to the Fire System in an amount equal to the required actuarially determined contribution based on the applicable actuarial valuation of the Fire System performed by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of plan members in order to pay current costs and amortize unfunded past service cost, if any, as provided in Part VII of Chapter 112, Florida Statutes.

Effective October 1, 2015, plan members are required to contribute 7% of their annual covered salary. Prior to that date, plan member contributions were 8%. Additionally, pursuant to Chapter 175, Florida Statutes, the State collects a locally authorized insurance premium surcharge for the Fire System on certain real and personal property insurance policies underwritten in the corporate limits of the City which can only be distributed after the State has ascertained that the local government has met its actuarial funding requirement for the most recently completed fiscal year. In accordance with Florida Statutes, a portion of the premium tax revenues received by the Fire System are reserved to provide future minimum or extra benefits and may not be used to reduce or offset the contribution requirements of the employers.

For the year ended September 30, 2019, the active member contribution rate was 7.0 percent of annual pay (or \$43,146), the City's average contribution rate was 37.22 percent of annual payroll (or \$229,442), and the state funding was 7.63 percent of annual payroll (or \$47,054). Covered payroll for the year ended September 30, 2019, totaled \$616,377.

Deferred Retirement Option Plan (DROP). Any member who is eligible to receive a normal retirement pension in the Fire System may elect to participate in a deferred retirement option program (DROP) while continuing his or her active employment as a firefighter. The DROP participation period may not exceed 60 months beginning at the time an election to participate in the DROP first becomes effective. An election to participate in the DROP constitutes an irrevocable election to resign from the service of the City at the end of the DROP term. A member may participate only once. Upon participation in the DROP, the member becomes a retiree for all plan purposes so that he or she ceases to accrue any further benefits under the Fire System plan. Normal retirement payments that would have been payable to the member are accumulated and invested in the DROP program with a guaranteed annual rate of return of 6.5 percent, credited quarterly, to be distributed to the member upon his or her termination of employment. At September 30, 2019, there were one active DROP participant at the end of the year.

As of September 30, 2019, the balance in the DROP account was \$145,311.

Net Pension Liability. The City's net pension liability was measured as of September 30, 2019, and the total pension liability used to calculate the net pension liability was determined as of that date.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of October 1, 2018 updated to September 30, 2019, using the following actuarial assumptions applied to all measurement periods:

Inflation.....	2.70%
Salary increases.....	Service based
Discount rate.....	7.40%
Investment rate of return, net of investment expense.....	7.40%

NOTES TO THE FINANCIAL STATEMENTS September 30, 2019
CITY OF HOLLY HILL, FLORIDA

Mortality Rates - Healthy Lives. Mortality rates were based on the RP-2000 Mortality Table as follows:

Female: RP2000 Generational, 100% Combined Healthy White Collar, Scale BB.
Male: RP2000 Generational, 10% Combined Healthy White Collar /90% Combined Healthy Blue Collar, Scale BB.

Mortality Rates - Healthy Inactive Lives. Mortality rates were based on the RP-2000 Mortality Table as follows:

Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB.
Male: RP2000 Generational, 10% Annuitant White Collar /90% Annuitant Blue Collar, Scale BB

Mortality Rates - Disabled Lives. Mortality rates were based on the RP-2000 Mortality Table as follows:

Female: 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale.
Male: 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale.

Long-Term Expected Rate of Return. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For 2019, the inflation rate assumption of the investment advisor was 2.40%.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity.....	35%	7.30%
International Equity.....	15%	2.70%
Bonds.....	30%	3.60%
Convertibles.....	10%	6.30%
Private Real Estate	5%	4.90%
REITS.....	5%	7.20%
Total.....	100%	

Discount Rate. The discount rate used to measure the total pension liability was 7.40 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTES TO THE FINANCIAL STATEMENTS September 30, 2019
CITY OF HOLLY HILL, FLORIDA

Changes in Net Pension Liability. The following is a summary of the changes in net pension liability for the year ended September 30, 2019:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Reporting Period Ending September 30, 2018.....	\$ 5,959,939	\$ 4,687,772	\$ 1,272,167
Changes for the Year:			
Service cost.....	153,193	-	153,193
Interest.....	439,372	-	439,372
Differences between expected and actual experience.....	32,132	-	32,132
Changes of assumptions.....	-	-	-
Changes of benefit terms.....	(678)	-	(678)
Contributions-employer.....	-	229,432	(229,432)
Contributions-state.....	-	47,064	(47,064)
Contributions-employee.....	-	43,146	(43,146)
Net investment income.....	-	220,041	(220,041)
Benefit payments, including refunds of employee contributions.....	(349,987)	(349,987)	-
Administrative expense.....	-	(23,679)	23,679
Net changes.....	<u>274,032</u>	<u>166,017</u>	<u>108,015</u>
Reporting Period Ending September 30, 2019.....	<u>\$ 6,233,971</u>	<u>\$ 4,853,789</u>	<u>\$ 1,380,182</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the City, calculated using the discount rate of 7.40 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.40 percent) or 1-percentage-point higher (8.40 percent) than the current rate:

	1% Decrease (6.40%)	Discount Rate (7.40%)	1% Increase (8.40%)
City's net pension liability.....	\$ 2,096,720	\$ 1,380,182	\$ 783,162

Pension Plan Fiduciary Net Position. Detailed information about the Fire System's fiduciary net position is available from the Board of Trustees of the Holly Hill Firefighters' Retirement System.

NOTES TO THE FINANCIAL STATEMENTS September 30, 2019
CITY OF HOLLY HILL, FLORIDA

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources Related to Pensions. For the year ended September 30, 2019, the City recognized pension expense of \$326,900. On September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to the Fire System from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 56,494	\$ 17,169
Changes of assumptions	32,599	-
Net difference between projected and actual earnings on Pension Plan investments	<u>47,034</u>	<u>-</u>
Total	<u>\$ 136,127</u>	<u>\$ 17,169</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending September 30</u>	<u>Amount</u>
2020	\$ 38,768
2021	19,003
2022	29,790
2023	<u>31,397</u>
	<u>\$ 118,958</u>

NOTES TO THE FINANCIAL STATEMENTS September 30, 2019
CITY OF HOLLY HILL, FLORIDA

The combining Statement of Net Position for the Fiduciary Funds for the year ended September 30, 2019 is as follows:

	<u>Police</u>	<u>Fire</u>	<u>Total</u>
Assets:			
Cash and cash equivalents.....	\$ 225,469	\$ 26,452	\$ 251,921
Receivables:			
Broker receivable.....	-	47,732	47,732
Interest and dividends receivable.....	<u>17,801</u>	<u>14,521</u>	<u>32,322</u>
		-	
Total accounts receivable.....	17,801	62,253	80,054
Investments, at fair value			
U.S. Treasury obligations.....	1,109,043	110,794	1,219,837
U. S. Government Agencies.....	-	177,277	177,277
Corporate/municipal debt obligations	1,050,783	1,181,005	2,231,788
Real estate investment trust	1,033,941	-	1,033,941
Mutual funds.....	7,797,537	2,899,609	10,697,146
Pooled funds - real estate.....	<u>-</u>	<u>393,254</u>	<u>393,254</u>
Total investments.....	<u>10,991,304</u>	<u>4,761,939</u>	<u>15,753,243</u>
Total assets.....	11,234,574	4,850,644	16,085,218
Liabilities:			
Accounts payable.....	<u>25,559</u>	<u>9,358</u>	<u>34,917</u>
Total liabilities.....	<u>25,559</u>	<u>9,358</u>	<u>34,917</u>
Net Position:			
Held in trust for pension benefits.....	<u>\$ 11,209,015</u>	<u>\$ 4,841,286</u>	<u>\$ 16,050,301</u>

NOTES TO THE FINANCIAL STATEMENTS September 30, 2019
CITY OF HOLLY HILL, FLORIDA

The combining Statement of Changes in Fiduciary Net Position for the Fiduciary Funds for the year ended September 30, 2019 is as follows:

	<u>Police</u>	<u>Fire</u>	<u>Total</u>
Additions:			
Contributions from:			
Employer	\$ 509,192	\$ 229,442	\$ 738,634
State	138,915	47,054	185,969
Plan members.....	<u>73,685</u>	<u>43,146</u>	<u>116,831</u>
	<u>721,792</u>	<u>319,642</u>	<u>1,041,434</u>
Investment income:			
Net realized and unrealized appreciation (depreciation) in fair value of investments.....	282,822	106,368	389,190
Interest and dividend earnings	<u>216,291</u>	<u>139,816</u>	<u>356,107</u>
	499,113	246,184	745,297
Less: investment management fees	<u>(75,602)</u>	<u>(31,581)</u>	<u>(107,183)</u>
	<u>423,511</u>	<u>214,603</u>	<u>638,114</u>
	1,145,303	534,245	1,679,548
Deductions:			
Benefit payments.....	684,215	349,987	1,034,202
Refunds/withdrawals	32,132	-	32,132
Administrative expenses	<u>35,820</u>	<u>27,924</u>	<u>63,744</u>
	<u>752,167</u>	<u>377,911</u>	<u>1,130,078</u>
	393,136	156,334	549,470
Net position held in trust for pension benefits:			
Beginning of year	<u>10,815,879</u>	<u>4,684,952</u>	<u>15,500,831</u>
End of year	<u>\$ 11,209,015</u>	<u>\$ 4,841,286</u>	<u>\$ 16,050,301</u>

6. General Employees – Florida Municipal Pension Trust Fund 401(a) and 457(b) Plans

The City contributes to the Florida Municipal Pension Trust Fund, which provides for an IRC Section 401(a) defined contribution plan and a 457(b) deferred compensation plan for employer and employee contributions, respectively. These plans are administered by Florida League of Cities, Inc., P.O. Box 1757, Tallahassee, FL 32302-1757. Originally, under Resolution No. 61 and Ordinance No. 2417, as amended, the City established these plans for all full time employees hired on or after January 1, 1996 by revoking its participation in the Florida Retirement System (FRS) pursuant to Chapter 95-338, Laws of Florida with respect to such employees. Utilization of the 401(a) plan was suspended on October 1, 2005, at which time the City subsequently returned to the FRS plans by requiring all full time employees hired on or after October 1, 2005, to enter the FRS plans. The 401(a) plan was subsequently reinstated on July 1, 2010, for any retirees initially reemployed on or after July 1, 2010 who are not eligible for FRS retirement coverage.

The City, as the sponsoring employer, is responsible for defining and amending pension benefit terms, provisions and contribution requirements for the plans. The plans were amended on October 1, 2013 to include recent income tax law provisions applicable to employee benefit plans that were applicable to the plans. The City has the power to amend plan provisions at any time. For each participating employee in the 401(a) plan, the City contributed 2.95% (prior to July 1, 2016) and 3.03% (after June 30, 2016) of covered payroll to individual employee accounts. Eligible employees are required to contribute 3.00% to the 401(a) plan. However, employees are permitted to make contributions to the 457(b) pension plan, up to applicable Internal Revenue Code limits. For the year ended September 30, 2019, employee contributions totaled \$138,782 and the City recognized pension expense of \$1,973.

All qualified employees at least 18 years of age become eligible to participate in the 457(b) plan on the first date of the month following the date of employment. Employees voluntarily contribute to the plan. Employees immediately vest in the elective deferral contributions made to the Plan. The vested portions of the accounts or contributions to the plan are available to the participants immediately upon termination of service. An employee must complete at least six full months of service during the plan year and be employed on the last day of the plan year to vest in any employer contributions. Employees who terminate employment during the plan year for reasons due to death, total and permanent disability, or retirement, are considered fully vested in the employers contribution regardless of the number of full months of service earned during the plan year. Normal retirement benefits are available upon attaining age 60. The plan does not provide for an early retirement date prior to the normal retirement date of age 60.

7. General Employees – Nationwide Retirement Solutions 457(b) Plan

The City contributes to a defined contribution pension plan, which provides for an IRC Section 457(b) deferred compensation plan for employer and employee contributions. This plan is administered by Nationwide Retirement Solutions, P.O. Box 182797 Columbus, OH 43218-2797, to accommodate supplemental employee elective deferrals for employees covered in the City's defined benefit plans. Employees are permitted to make contributions to the pension plan, up to applicable Internal Revenue Code limits. For the year ended September 30, 2019, employee contributions totaled \$124,157 and the City recognized pension expense of \$-0-.

All qualified employees at least 18 years of age become eligible to participate in the 457(b) plan on the first date of the month following the date of employment. Employees voluntarily contribute to the plan. Employees immediately vest in the elective deferral contributions made to the Plan. The vested portions of the accounts or contributions to the plan are available to the participants immediately upon termination of service.

NOTES TO THE FINANCIAL STATEMENTS September 30, 2019
CITY OF HOLLY HILL, FLORIDA

8. Pension Plans – Aggregate Amounts

The aggregate amounts of all pension related items as of September 30, 2019 is as follows:

	<u>FRS</u>	<u>HIS</u>	<u>City</u>	<u>Police</u>	<u>Fire</u>	<u>Total</u>
Gross pension liab....	\$ 1,714,090	\$ 927,988	\$ 265,084	\$1,897,753	\$ 1,261,224	\$ 6,066,139
Deferred outflows ...	1,023,637	193,767	1,569	256,521	136,127	1,611,621
Deferred inflows	<u>(149,198)</u>	<u>(85,928)</u>	<u>(266,653)</u>	<u>-</u>	<u>(17,169)</u>	<u>(518,948)</u>
Net pension liability.	<u>\$ 2,588,529</u>	<u>\$ 1,035,827</u>	<u>\$ -</u>	<u>\$2,154,274</u>	<u>\$ 1,380,182</u>	<u>\$ 7,158,812</u>
OPEB.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,558,517</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,558,517</u>
Pension expense.....	<u>\$ 441,210</u>	<u>\$ 43,075</u>	<u>\$ 227,734</u>	<u>\$ 584,385</u>	<u>\$ 326,900</u>	<u>\$ 1,623,304</u>

NOTE 14 - LEGAL MATTERS

The City is engaged in routine litigation incidental to the conduct of their respective business and municipal affairs. In the opinion of their Counsel, no legal proceedings are pending against them, not covered by insurance, which would inhibit their ability to perform their operations or materially affect their financial condition.

NOTE 15 - COMMITMENTS

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund(s). The amount, if any, of other expenditures from current or prior years which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

During 2017, the City and the Community Redevelopment Agency of the City approved a property redevelopment agreement in which the City agreed to sell a parcel of property to a developer and to budget and appropriate \$50,000 per year for five consecutive years starting in fiscal year 2018 and ending in fiscal year 2022 to provide a local matching payment to assist the developer in obtaining a grant from the Florida Housing Finance Corporation to develop a housing project on the purchased property.

NOTE 16 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters, all of which is satisfactorily insured by limited risk, high deductible commercial general liability insurance. Commercial insurance policies are also obtained for other risks of loss, including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE 17 – SUBSEQUENT EVENTS

Evaluation of Events and Transactions: In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through May 5, 2020, the date the financial statements were available to be issued.

COVID-19 Pandemic. On March 17, 2020, the City of Holly Hill declared a state of emergency in response to the COVID-19 pandemic. On March 18, 2020, the Families First Coronavirus Response Act, which requires employers to provide paid sick leave to employees affected by COVID-19 in certain circumstances, was signed into law, scheduled to take effect on April 1, 2020. All Florida counties have been granted eligibility to receive reimbursement for certain expenditures associated with the pandemic. As this report went to press, most City events and meetings are cancelled or postponed, with City facilities closed to the public. Due to the fluid and continuing nature of this event, however, its ultimate financial impact on the City is not yet ascertainable.

REQUIRED SUPPLEMENTARY INFORMATION
CHANGE IN TOTAL OPEB LIABILITY
CITY OF HOLLY HILL, FLORIDA

Schedule 1

	<u>2019</u>
Reporting Period - September 30, 2018	\$ 2,568,920
Service cost	183,957
Interest	113,136
Differences between expected and actual experience	1,961
Changes of assumptions	(212,008)
Changes of benefit terms	-
Contributions - Employer	-
Benefit payments	(97,449)
Other changes	<u>-</u>
Net changes	<u>(10,403)</u>
Reporting Period - September 30, 2019	<u><u>\$ 2,558,517</u></u>

Notes:

Changes in assumptions reflect a change in the discount rate from 4.18% for the reporting period ended September 30, 2018, to 3.58% for the reporting period ended September 30, 2019.



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REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES - SPONSOR'S TOTAL OPEB LIABILITY
AND RELATED RATIOS - LAST 10 FISCAL YEARS
CITY OF HOLLY HILL, FLORIDA

Schedule 2

Reporting Period Ending Measurement Date	9/30/2019 9/30/2019
Service cost	\$ 183,957
Interest	113,136
Differences between expected and actual experience	1,961
Changes of assumptions	(212,008)
Changes of benefit terms	-
Benefit payments	<u>(97,449)</u>
Net Change in Total OPEB Liability	(10,403)
Total OPEB Liability - Beginning	<u>2,568,920</u>
Total OPEB Liability - Ending	<u><u>\$ 2,558,517</u></u>
Covered Employee Payroll - Projected	<u><u>\$ 5,167,831</u></u>
Sponsor's Total OPEB Liability as a percentage of Covered Employee Payroll	<u><u>49.51%</u></u>

Notes:

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

FY 2019	3.58%
FY 2018	4.18%

REQUIRED SUPPLEMENTARY INFORMATION
FLORIDA RETIREMENT SYSTEM DEFINED BENEFIT PENSION PLAN
CITY OF HOLLY HILL, FLORIDA

	2019	2018	2017
Schedule of the Proportionate Share of the Net Pension Liability:			
City proportion of the net pension liability	0.007518387%	0.007058775%	0.006881069%
City proportionate share of the net pension liability	\$ 2,589,228	\$ 2,126,140	\$ 2,035,374
City covered payroll	\$ 2,995,927	\$ 2,972,676	\$ 2,867,432
City proportionate share of the net pension liability as a percentage of covered payroll	86.42%	71.52%	70.98%
Plan fiduciary net position as a percentage of the total pension liability	82.61%	84.26%	83.89%

Schedule of Contributions:

Contractually required contribution	\$ 260,211	\$ 219,302	\$ 195,246
Contributions in relation to the contractually required contribution	<u>\$ (260,211)</u>	<u>\$ (219,302)</u>	<u>\$ (195,246)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City covered payroll	\$ 3,099,995	\$ 2,972,676	\$ 2,867,432
Contributions as a percentage of covered payroll	8.39%	7.38%	6.81%

Notes:

The total pension liability was determined by an actuarial valuation as of the valuation date of July 1, 2018, calculated based on the discount rate and actuarial assumptions below:

	<u>06/30/2018</u>	<u>06/30/2019</u>
Discount Rate	7.00%	6.90%
Long-term expected rate of return, net of investment expense	7.00%	6.90%
Municipal Bond Rate	N/A	N/A

The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees if future experience follows assumptions and the Actuarially Determined Contribution (ADC) is contributed in full each year. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The 6.90 percent rate of return assumption used in the June 30, 2019, calculations was determined by the consulting actuary, Milliman, to be reasonable and appropriate per Actuarial Standard of Practice Number 27 (ASOP 27).

Schedule 3

Fiscal Year						
2016	2015	2014	2013	2012	2011	2010
0.006933778%	0.006481624%	0.005933893%	n/a	n/a	n/a	n/a
\$ 1,750,784	\$ 837,189	\$ 362,055	n/a	n/a	n/a	n/a
\$ 2,899,517	\$ 2,613,798	\$ 2,316,138	n/a	n/a	n/a	n/a
60.38%	32.03%	15.63%	n/a	n/a	n/a	n/a
84.88%	92.00%	96.09%	n/a	n/a	n/a	n/a
\$ 192,301	\$ 179,377	\$ 155,573	n/a	n/a	n/a	n/a
\$ (192,301)	\$ (179,377)	\$ (155,573)	n/a	n/a	n/a	n/a
\$ -	\$ -	\$ -	n/a	n/a	n/a	n/a
\$ 2,899,517	\$ 2,613,798	\$ 2,316,138	n/a	n/a	n/a	n/a
6.63%	6.86%	6.72%	n/a	n/a	n/a	n/a

-- On 10/01/2013, GASB 67 was adopted. Comparative data for all prior years is not available. --

Other Key Actuarial Assumptions

The actuarial assumptions that determined the total pension liability as of June 30, 2019, were based on the results of an actuarial experience study for the period July 1, 2013 - June 30, 2018.

Valuation Date	July 1, 2019
Measurement Date	June 30, 2019
Asset Valuation Method	Fair Market Value
Inflation	2.60%
Salary increases including inflation	3.25%
Mortality	Generational RP-2000 with Projection Scale BB
Actuarial cost method	Individual Entry Age Normal

REQUIRED SUPPLEMENTARY INFORMATION
FRS HEALTH INSURANCE SUBSIDY DEFINED BENEFIT PENSION PLAN
CITY OF HOLLY HILL, FLORIDA

	2019	2018	2017
Schedule of the Proportionate Share of the Net Pension Liability:			
City proportion of the net pension liability	0.009257548%	0.009123826%	0.009001025%
City proportionate share of the net pension liability	\$ 1,035,827	\$ 965,676	\$ 962,431
City covered payroll	\$ 2,995,927	\$ 2,972,676	\$ 2,867,432
City proportionate share of the net pension liability as a percentage of covered payroll	34.57%	32.49%	33.56%
Plan fiduciary net position as a percentage of the total pension liability	2.63%	2.15%	1.64%

Schedule of Contributions:

Contractually required contribution	\$ 49,732	\$ 49,678	\$ 47,599
Contributions in relation to the contractually required contribution	\$ (49,732)	\$ (49,678)	\$ (47,599)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
City covered payroll	\$ 3,099,995	\$ 2,972,676	\$ 2,867,432
Contributions as a percentage of covered payroll	1.60%	1.67%	1.66%

Notes:

The total pension liability was determined by an actuarial valuation as of the valuation date of July 1, 2017, calculated based on the discount rate and actuarial assumptions below:

	<u>06/30/2018</u>	<u>06/30/2019</u>
Discount Rate	3.87%	3.50%
Long-term expected rate of return, net of investment expense	N/A	N/A
Bond Buyer General Obligation 20-Bond Municipal Bond Index	3.87%	3.50%

In general, the discount rate for calculating the total pension liability under GASB 68 is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate. The single equivalent discount rate is equal to the municipal bond rate selected by the FRS Actuarial Assumption Conference. The discount rate used in the 2019 valuation was updated from 3.87 percent to 3.50 percent reflecting the change in the Bond Municipal Bond Index.

Schedule 4

Fiscal Year						
2016	2015	2014	2013	2012	2011	2010
0.008940840%	0.008454191%	0.008313805%	n/a	n/a	n/a	n/a
\$ 1,042,018	\$ 862,194	\$ 777,361	n/a	n/a	n/a	n/a
\$ 2,899,517	\$ 2,613,798	\$ 2,316,138	n/a	n/a	n/a	n/a
35.94%	32.99%	33.56%	n/a	n/a	n/a	n/a
0.97%	0.50%	0.99%	n/a	n/a	n/a	n/a
\$ 48,132	\$ 35,450	\$ 30,323	n/a	n/a	n/a	n/a
\$ (48,132)	\$ (35,450)	\$ (30,323)	n/a	n/a	n/a	n/a
\$ -	\$ -	\$ -	n/a	n/a	n/a	n/a
\$ 2,899,517	\$ 2,613,798	\$ 2,316,138	n/a	n/a	n/a	n/a
1.66%	1.36%	1.31%	n/a	n/a	n/a	n/a

-- On 10/01/2013, GASB 67 was adopted. Comparative data for all prior years is not available. --

Other Key Actuarial Assumptions

The actuarial assumptions that determined the total pension liability as of June 30, 2019, were based on the results of an actuarial experience study for the period July 1, 2013 - June 30, 2018.

Valuation Date	July 1, 2019
Measurement Date	June 30, 2019
Inflation	2.60%
Salary increases including inflation	3.25%
Mortality	Generational RP-2000 with Projection Scale BB
Actuarial cost method	Individual Entry Age Normal

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS-
LAST TEN FISCAL YEARS**

Year Ending September 30,
CITY OF HOLLY HILL, FLORIDA
POLICE OFFICERS' RETIREMENT TRUST FUND

	2019	2018	2017
Total Pension Liability:			
Service cost.....	\$ 244,196	\$ 218,828	\$ 229,740
Interest.....	936,633	894,090	863,912
Changes of benefit terms.....	-	-	-
Differences between expected and actual experience.....	129,854	135,657	28,475
Changes of assumptions.....	-	-	-
Benefit payments, including refunds of employee contributions.....	(697,780)	(700,275)	(706,537)
Net change in total pension liability.....	612,903	548,300	415,590
Total Pension Liability - Beginning.....	<u>12,761,902</u>	<u>12,213,602</u>	<u>11,798,012</u>
Total Pension Liability - Ending (a).....	<u>\$ 13,374,805</u>	<u>\$ 12,761,902</u>	<u>\$ 12,213,602</u>
Plan Fiduciary Net Position:			
Contributions - employer.....	\$ 491,324	\$ 453,423	\$ 406,073
Contributions - state.....	138,915	129,437	117,012
Contributions - employee.....	71,049	73,523	72,637
Net investment income.....	418,296	863,758	996,355
Benefit payments, including refunds of employee contributions.....	(697,780)	(700,275)	(706,536)
Administrative expense.....	(20,763)	(29,717)	(25,019)
Net change in plan fiduciary net position.....	401,041	790,149	860,522
Plan Fiduciary Net Position - Beginning.....	<u>10,819,490</u>	<u>10,029,341</u>	<u>9,146,655</u>
Plan Fiduciary Net Position - Ending (b).....	<u>\$ 11,220,531</u>	<u>\$ 10,819,490</u>	<u>\$ 10,007,177</u>
 Net Pension Liability - Ending (a) - (b).....	 <u>\$ 2,154,274</u>	 <u>\$ 1,942,412</u>	 <u>\$ 2,206,425</u>
 Plan fiduciary net position as a percentage of the total pension liability.....	 83.89%	 84.78%	 81.93%
Covered payroll (*).....	\$ 1,144,300	\$ 1,177,752	\$ 1,209,361
Net pension liability as a percentage of covered payroll.....	188.26%	164.93%	182.45%

See notes on following page.

Schedule 5

Fiscal Year						
2016	2015	2014	2013	2012	2011	2010
\$ 230,699	\$ 222,322	\$ 249,756	n/a	n/a	n/a	n/a
843,655	823,857	810,040	n/a	n/a	n/a	n/a
-	(526)	-	n/a	n/a	n/a	n/a
(370,289)	(153,367)	-	n/a	n/a	n/a	n/a
385,611	-	-	n/a	n/a	n/a	n/a
<u>(619,400)</u>	<u>(655,033)</u>	<u>(1,040,177)</u>	n/a	n/a	n/a	n/a
470,276	237,253	19,619	n/a	n/a	n/a	n/a
<u>11,327,736</u>	<u>11,090,483</u>	<u>11,070,864</u>	n/a	n/a	n/a	n/a
<u>\$ 11,798,012</u>	<u>\$ 11,327,736</u>	<u>\$ 11,090,483</u>	n/a	n/a	n/a	n/a
\$ 460,877	\$ 519,860	\$ 636,738	n/a	n/a	n/a	n/a
108,177	102,019	95,509	n/a	n/a	n/a	n/a
71,468	72,917	67,173	n/a	n/a	n/a	n/a
612,302	(206,521)	599,133	n/a	n/a	n/a	n/a
<u>(619,400)</u>	<u>(655,033)</u>	<u>(1,040,176)</u>	n/a	n/a	n/a	n/a
<u>(32,610)</u>	<u>(24,843)</u>	<u>(21,956)</u>	n/a	n/a	n/a	n/a
600,814	(191,601)	336,421	n/a	n/a	n/a	n/a
<u>8,545,841</u>	<u>8,737,442</u>	<u>8,401,021</u>	n/a	n/a	n/a	n/a
<u>\$ 9,146,655</u>	<u>\$ 8,545,841</u>	<u>\$ 8,737,442</u>	n/a	n/a	n/a	n/a
<u>\$ 2,651,357</u>	<u>\$ 2,781,895</u>	<u>\$ 2,353,041</u>	n/a	n/a	n/a	n/a
77.53%	75.44%	78.78%	n/a	n/a	n/a	n/a
\$ 1,162,274	\$ 1,130,458	\$ 1,135,179	n/a	n/a	n/a	n/a
228.12%	246.09%	207.28%	n/a	n/a	n/a	n/a

-- On 10/01/2013, GASB 67 was adopted. Comparative data for all prior years is not available. --



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**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS-
LAST TEN FISCAL YEARS**

**Schedule 5
(Continued)**

Year Ending September 30,
CITY OF HOLLY HILL, FLORIDA
POLICE OFFICERS' RETIREMENT TRUST FUND

Notes to Schedule:

(*) The Covered Payroll numbers shown are in compliance with GASB 82.

Changes of benefit terms:

For measurement date 09/30/2015, amounts reported as changes of benefit terms resulted from:

For Members hired after July 1, 2011 the Member Contribution rate is decreased from 8% of pay to 7% of pay effective October 1, 2015.

Establishing a share plan.

The bargaining parties mutually consent to allowing the use of all State Monies received to be utilized to offset the City's Required Contribution.

Changes of assumptions:

For measurement date 09/30/2016, amounts reported as changes of assumptions resulted from an August 10, 2016 Experience study. The following changes have been made:

The assumed mortality rates were amended to match those used by the Florida Retirement System in their July 1, 2015 valuation report.

The investment return assumption was reduced from 7.5% to 7.4%, net of investment related expenses.

The assumption for projected non-regular pensionable compensation paid out at retirement was changed from a flat 40% to an individual assumption based on hours accrued as of July 8, 2011.

The assumed rates of withdrawal were increased by 10% from age 40 to 49 and an assumption was made that 15% of Officers will terminate in their first year of employment.

The assumed rates of retirement were changed to the following table of expected rates:

<u>Service</u>	<u>Age</u>	<u>Rates</u>
Under 20 yrs	50-54	5.0%
	55	50.0%
	56	75.0%
	Over 56	100.0%
Over 20 yrs.	Under 55	50.0%
	55	50.0%
	56	75.0%
	Over 56	100.0%

The assumed individual salary increase was changed from a flat 6.0%, to a service based table with the rate of 10.0% during the first year of employment and 5.5% for all future years of service.

The inflation assumption rate was lowered from 3.00% to 2.70%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

**SCHEDULE OF EMPLOYER AND OTHER CONTRIBUTING ENTITY CONTRIBUTIONS-
LAST TEN FISCAL YEARS**

Year Ending September 30,
CITY OF HOLLY HILL, FLORIDA
POLICE OFFICERS' RETIREMENT TRUST FUND

	2019	2018	2017
Actuarially determined contribution.....	\$ 618,783	\$ 582,860	\$ 523,085
Contributions in relation to the actuarially determined contribution.....	<u>(630,239)</u>	<u>(582,860)</u>	<u>(523,085)</u>
Contribution deficiency (excess).....	<u>\$ (11,456)</u>	<u>\$ =</u>	<u>\$ =</u>
Covered payroll (*).....	\$ 1,144,300	\$ 1,177,752	\$ 1,209,361
Contributions as a percentage of covered payroll.....	55.08%	49.49%	43.25%

Notes to Schedule:

(*) The Covered Payroll numbers shown are in compliance with GASB 82.

Valuation Date: 10/1/2017
Actuarially determined contribution rates are calculated as of October 1,
two years prior to the end of the fiscal year in which the contributions are
reported.

Methods and assumptions used to determine contribution rates:

Funding Method: Entry Age Normal Actuarial Cost Method

Amortization Method: Level percentage of pay, closed

Remaining Amortization Period: 27 Years (as of 10/01/2017).

Mortality: RP 2000 Combined Healthy - Sex Distinct. Disabled lives are set forward 5 yrs

Interest Rate: 7.4% per year, compounded annually, net of investment related expenses.

Retirement Age: Earlier of age 55 and 6 years of service (10 yrs. of service if hired after July 1,
2011), or the completion of 20 years of service, regardless of age. Also any
member who has reached Normal Retirement is assumed to continue
employment for one additional year.

Early Retirement: Commencing with eligibility for Early Retirement Age (age 50 with 6 years of
service (10 years of service if hired after July 1, 2011)), members are assumed
to retire with an immediate subsidized benefit at the rate of 5% per year.

Inflation: 2.40% per year.

Schedule 6

Fiscal Year						
2016	2015	2014	2013	2012	2011	2010
\$ 569,054	\$ 621,879	\$ 732,247	n/a	n/a	n/a	n/a
<u>(569,054)</u>	<u>(621,879)</u>	<u>(732,247)</u>	n/a	n/a	n/a	n/a
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	n/a	n/a	n/a	n/a
\$ 1,162,274	\$ 1,130,458	\$ 1,135,179	n/a	n/a	n/a	n/a
48.96%	55.01%	64.50%	n/a	n/a	n/a	n/a

-- On 10/01/2013, GASB 67 was adopted. Comparative data for all prior years is not available. --

Disability and Termination Rates:	% Becoming Disabled
	<u>Age</u> <u>the Year</u>
	20 15.00%
	30 15.90%
	40 12.00%
	50 6.50%

Salary Increases: 10% in first year of employment and 5.5% per year after that.
Salary in year of retirement is increased individually to account for lump sums.

Payroll Increase: None

Cost-of-living Adjustments: 2.0% per year for all retirees who retired after September 30, 2006, commencing 5 years after retirement (including disability retirees and beneficiaries of retirees).

Asset Valuation Method: Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS-
LAST TEN FISCAL YEARS**

Year Ending September 30,
CITY OF HOLLY HILL, FLORIDA
FIREFIGHTERS' RETIREMENT SYSTEM

	2019	2018	2017
Total Pension Liability:			
Service cost.....	\$ 153,193	\$ 156,508	\$ 170,029
Interest.....	439,372	424,522	402,775
Change in Excess State Money.....	-	-	-
Changes of benefit terms.....	(678)	-	-
Differences between expected and actual experience.....	32,132	(28,615)	69,117
Changes of assumptions.....	-	-	-
Benefit payments, including refunds of employee contributions.....	(349,987)	(345,506)	(323,535)
Net change in total pension liability.....	274,032	206,909	318,386
Total Pension Liability - Beginning.....	5,959,939	5,753,030	5,434,644
Total Pension Liability - Ending (a).....	<u>\$ 6,233,971</u>	<u>\$ 5,959,939</u>	<u>\$ 5,753,030</u>
Plan Fiduciary Net Position:			
Contributions - employer.....	\$ 229,432	\$ 258,025	\$ 214,936
Contributions - state.....	47,064	43,892	43,416
Contributions - employee.....	43,146	44,435	45,607
Net investment income.....	220,141	304,959	419,878
Benefit payments, including refunds of employee contributions.....	(349,987)	(345,506)	(323,535)
Administrative expense.....	(23,679)	(33,611)	(29,395)
Net change in plan fiduciary net position.....	166,117	272,194	370,907
Plan Fiduciary Net Position - Beginning.....	4,687,772	4,415,578	4,034,993
Plan Fiduciary Net Position - Ending (b).....	<u>\$ 4,853,889</u>	<u>\$ 4,687,772</u>	<u>\$ 4,405,900</u>
 Net Pension Liability - Ending (a) - (b).....	<u>\$ 1,380,082</u>	<u>\$ 1,272,167</u>	<u>\$ 1,347,130</u>
 Plan fiduciary net position as a percentage of the total pension liability.....	77.86%	78.65%	76.58%
Covered payroll.....	\$ 616,377	\$ 709,566	\$ 651,531
Net pension liability as a percentage of covered employee payroll.....	223.90%	179.29%	206.76%

See notes on following page.

Schedule 7

Fiscal Year						
2016	2015	2014	2013	2012	2011	2010
\$ 169,795	\$ 176,408	\$ 172,709				
378,039	373,007	353,643	n/a	n/a	n/a	n/a
(18,139)	-	-	n/a	n/a	n/a	n/a
(131,917)	-	-	n/a	n/a	n/a	n/a
15,721	(45,225)	-	n/a	n/a	n/a	n/a
162,997	-	-	n/a	n/a	n/a	n/a
<u>(325,259)</u>	<u>(271,874)</u>	<u>(271,874)</u>	n/a	n/a	n/a	n/a
251,237	232,316	254,478	n/a	n/a	n/a	n/a
<u>5,183,407</u>	<u>4,951,091</u>	<u>4,696,613</u>	n/a	n/a	n/a	n/a
<u>\$ 5,434,644</u>	<u>\$ 5,183,407</u>	<u>\$ 4,951,091</u>	n/a	n/a	n/a	n/a
\$ 203,656	\$ 176,497	\$ 160,364	n/a	n/a	n/a	n/a
51,535	55,151	62,761	n/a	n/a	n/a	n/a
51,275	54,681	52,767	n/a	n/a	n/a	n/a
358,058	(20,392)	312,161	n/a	n/a	n/a	n/a
(325,259)	(271,874)	(271,874)	n/a	n/a	n/a	n/a
<u>(42,576)</u>	<u>(28,188)</u>	<u>(20,468)</u>	n/a	n/a	n/a	n/a
296,689	(34,125)	295,711	n/a	n/a	n/a	n/a
<u>3,738,304</u>	<u>3,772,429</u>	<u>3,476,718</u>	n/a	n/a	n/a	n/a
<u>\$ 4,034,993</u>	<u>\$ 3,738,304</u>	<u>\$ 3,772,429</u>	n/a	n/a	n/a	n/a
<u>\$ 1,399,651</u>	<u>\$ 1,445,103</u>	<u>\$ 1,178,662</u>	n/a	n/a	n/a	n/a
74.25%	72.12%	76.19%	n/a	n/a	n/a	n/a
\$ 732,502	\$ 692,977	\$ 659,584				
191.08%	208.54%	178.70%	n/a	n/a	n/a	n/a

-- On 10/01/2013, GASB 67 was adopted. Comparative data for all prior years is not available. --



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**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS-
LAST TEN FISCAL YEARS**
Year Ending September 30,
CITY OF HOLLY HILL, FLORIDA
FIREFIGHTERS' RETIREMENT SYSTEM

**Schedule 7
(Continued)**

Notes to Schedule:

The Covered Payroll numbers are in compliance with GASB 82, except for the 09/30/2015 measurement period which includes DROP payroll.

Changes of Benefit Terms:

For measurement date 09/30/2019, amounts reported as changes of benefit terms resulted from the provisions of Chapter 112.1816, Florida Statutes. The Statutes state that, effective July 1, 2019, a death of disability (under the definition of total and permanent disability) for a Firefighter due to the diagnosis of cancer or circumstances that the treatment of cancer will be treated as duly-related

For measurement date 09/30/2016, amounts reported as changes of benefit terms from the following Ordinance 2982, adopted 09/12/2016, provided that the Member Contributions be reduced, effective 10/01/2015, from 8% to 7% of Salary.

Ordinance 2974, adopted 06/14/2016, complied with recent State and Federal legislation, including the adoption Plan that will not be funded at this time, the implementation of a cap of 300 hours per year of pensionable overtime, limiting the pensionable lump sum sick and annual leave that is pensionable to the amounts recognized at 10/01/2012.

Changes of Assumptions:

For measurement date 09/30/2016, amounts reported as changes of assumptions resulted from the 08/10/2016 Actuarial Experience Study. The Board has made the following assumption changes, as outlined below:

The assumed individual salary increase was changed from a flat 6.0% to a service table with the rate of 10.0% during the first year of employment and 5.5% for all future years of service.

The assumed rates of retirement were changed as follows:

<u>Service</u>	<u>Age</u>	<u>Current</u>
Under 25 yrs	48-49	5.0%
	50	100.0%
	51-54	100.0%
	55-59	100.0%
	Over 60	100.0%
Over 25 yrs.	All	100.0%

The assumed rate of mortality has been changed to match that used by the FRS for special risk employees in their July 1, 2015 valuation report.

The investment return assumption was reduced from 7.5% to 7.4%, net of investment related expenses

The assumed rates of withdrawal have been changed from an age based table to the following service based table

<u>Service</u>	<u>Rate</u>
Over 1 yr.	15.0%
1-4 yrs.	10.0%
5-9 yrs.	6.0%
Over 10 yrs.	2.0%

The inflation assumption rate was lowered from 3.00% to 2.70%, matching the long-term inflation assumption utilized by the Plan's investment consultant

**SCHEDULE OF EMPLOYER AND OTHER CONTRIBUTING ENTITY CONTRIBUTIONS-
LAST TEN FISCAL YEARS**
Year Ending September 30,
CITY OF HOLLY HILL, FLORIDA
FIREFIGHTERS' RETIREMENT SYSTEM

	2019	2018	2017	2016
Actuarially determined contribution.....	\$ 276,496	\$ 301,917	\$ 258,351	\$ 252,310
Contributions in relation to the actuarially determined contribution.....	<u>(276,496)</u>	<u>(301,917)</u>	<u>(258,351)</u>	<u>(255,192)</u>
Contribution deficiency (excess).....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,882)</u>
Covered payroll.....	\$ 616,377	\$ 709,566	\$ 651,531	\$ 732,502
Contributions as a percentage of covered payroll.....	44.86%	42.55%	39.65%	34.84%

Notes to Schedule:

The Covered Payroll numbers are in compliance with GASB 82, except for the 09/30/2015 measurement period which includes DROP payroll.

Valuation Date: 10/1/2017

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding Method: Enry Age Normal Actuarial Cost Method

Amortization Method: Level percentage of pay, closed

Remaining Amortization Period: 28 Years (as of 10/01/2017)

Mortality: RP-2000 Table with no projection.

Retirement Age: Earlier of age 50 and 6 years of service or 25 years of service, regardless of age. Also, any Member who has reached Normal Retirement is assumed to continue employment for one additional year.

Early Retirement: Commencing with the earliest Early Retirement Age (48), members are assumed to retire with an immediate, subsidized benefit at the rate of 5% per year.

Interest Rate: 7.4% per year, compounded annually, net of investment related expenses.

Salary Increases: 10% in first year of employment and 5.5% per year after that.
Salary in year of retirement is increased individually to account for lump sums.

Payroll Growth: None

Asset Valuation Method: Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return. It is possible that over time this technique will produce an insignificant bias above or below market value.

Inflation: 2.70% per year.

Termination and Disability Rate Table.	% Becoming Disabled
	<u>Age</u> <u>During Year</u>
	20 0.07%
	30 0.11%
	40 0.19%
	50 0.51%

Schedule 8

Fiscal Year					
2015	2014	2013	2012	2011	2010
\$ 231,648	\$ 222,974	n/a	n/a	n/a	n/a
<u>(231,648)</u>	<u>(222,974)</u>	n/a	n/a	n/a	n/a
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	n/a	n/a	n/a	n/a
\$ 692,977	\$ 659,584	n/a	n/a	n/a	n/a
33.43%	33.81%	n/a	n/a	n/a	n/a

On 10/01/2013, GASB 67 was adopted. Comparative data for all prior years is not available.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF MONEY-WEIGHTED RATE OF RETURN
CITY OF HOLLY HILL, FLORIDA

Defined Benefit Pension Plans	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Florida Retirement System	<u>5.98%</u>	<u>9.28%</u>	<u>13.59%</u>	<u>0.57%</u>	<u>3.77%</u>	<u>17.57%</u>
Police Officers' Retirement Trust Fund	<u>3.90%</u>	<u>8.74%</u>	<u>11.14%</u>	<u>7.26%</u>	<u>-2.39%</u>	<u>7.30%</u>
Firefighters' Retirement System	<u>4.75%</u>	<u>7.00%</u>	<u>10.59%</u>	<u>9.75%</u>	<u>-0.54%</u>	<u>9.06%</u>

Notes

The rates of return, above, are calculated net of investment expense.

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2019
CITY OF HOLLY HILL, FLORIDA

	Nonmajor Special Revenue Funds			
	Impact Fees Trust	Law Enforcement Trust	Holly Hill Police Explorers	Total Nonmajor Special Revenue Funds
Assets:				
Cash and cash equivalents.....	\$ 285,862	\$ 34,374	\$ 7,098	\$ 327,334
Receivables (net):				
Accounts receivable.....	83	10	-	93
Due from other governments.....	-	-	-	-
 Total assets.....	<u>\$ 285,945</u>	<u>\$ 34,384</u>	<u>\$ 7,098</u>	<u>\$ 327,427</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable/accrued liabilities.....	\$ -	\$ -	\$ 40	\$ 40
Due to other funds.....	-	-	-	-
 Total liabilities.....	-	-	40	40
Fund Balances:				
Restricted for:				
Law enforcement.....	76,289	34,384	-	110,673
Fire protection.....	58,575	-	-	58,575
Transportation.....	124,681	-	-	124,681
Recreation.....	26,400	-	-	26,400
Committed to:				
Capital projects fund.....	-	-	-	-
Assigned to:				
Recreation projects.....	-	-	-	-
Sidewalk construction.....	-	-	-	-
Law enforcement.....	-	-	7,058	7,058
Unassigned.....	-	-	-	-
 Total fund balances.....	<u>285,945</u>	<u>34,384</u>	<u>7,058</u>	<u>327,387</u>
 Total liabilities and fund balances	<u>\$ 285,945</u>	<u>\$ 34,384</u>	<u>\$ 7,098</u>	<u>\$ 327,427</u>

Exhibit 1

	<u>Total</u>
Nonmajor Capital Projects Fund	All Nonmajor Governmental Funds
\$ 1,877,685	\$ 2,205,019
-	93
<u>583,219</u>	<u>583,219</u>
<u>\$ 2,460,904</u>	<u>\$ 2,788,331</u>
\$ 169,492	\$ 169,532
<u>-</u>	<u>-</u>
<u>169,492</u>	<u>169,532</u>
-	110,673
-	58,575
-	124,681
-	26,400
2,291,412	2,291,412
-	-
-	-
-	7,058
<u>-</u>	<u>-</u>
<u>2,291,412</u>	<u>2,618,799</u>
<u>\$ 2,460,904</u>	<u>\$ 2,788,331</u>

**COMBINING STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS**
For the Fiscal Year Ended September 30, 2019
CITY OF HOLLY HILL, FLORIDA

	Nonmajor Special Revenue Funds			
	Impact Fees Trust	Law Enforcement Trust	Holly Hill Police Explorers	Total Nonmajor Special Revenue Funds
Revenue:				
Permits and fees.....	\$ 51,138	\$ -	\$ -	\$ 51,138
Intergovernmental	-	-	-	-
Charges for services.....	2,404	-	-	2,404
Fines and forfeitures	-	13,960	-	13,960
Miscellaneous	<u>1,874</u>	<u>83</u>	<u>5,498</u>	<u>7,455</u>
Total revenue.....	<u>55,416</u>	<u>14,043</u>	<u>5,498</u>	<u>74,957</u>
Expenditures:				
Current:				
Public safety.....	-	22,463	2,486	24,949
Culture/recreation.....	-	-	-	-
Capital Outlay:				
General government.....	-	-	-	-
Public safety.....	-	-	-	-
Transportation.....	-	-	-	-
Physical Environment.....	-	-	-	-
Culture/recreation.....	-	-	-	-
Debt Service:				
Principal retirements.....	-	-	-	-
Interest payments.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures.....	<u>-</u>	<u>22,463</u>	<u>2,486</u>	<u>24,949</u>
Excess of revenue over (under) expenditures	55,416	(8,420)	3,012	50,008
Other Financing Sources (Uses):				
Transfers in.....	0	-	-	-
Transfers (out).....	<u>(47,000)</u>	<u>-</u>	<u>-</u>	<u>(47,000)</u>
Total other financing sources (uses).....	<u>(47,000)</u>	<u>-</u>	<u>-</u>	<u>(47,000)</u>
Net changes in fund balances.....	8,416	(8,420)	3,012	3,008
Fund balances, beginning of year.....	<u>277,529</u>	<u>42,804</u>	<u>4,046</u>	<u>324,379</u>
Fund balances, end of year.....	<u>\$ 285,945</u>	<u>\$ 34,384</u>	<u>\$ 7,058</u>	<u>\$ 327,387</u>

Exhibit 2

Nonmajor Capital Projects Fund	Total
Capital Projects Fund	All Nonmajor Governmental Funds
\$ -	\$ 51,138
819,815	819,815
-	2,404
-	13,960
<u>60,583</u>	<u>68,038</u>
<u>880,398</u>	<u>955,355</u>
-	24,949
-	-
1,265,085	1,265,085
-	-
-	-
-	-
-	-
-	-
<u>-</u>	<u>-</u>
<u>1,265,085</u>	<u>1,290,034</u>
(384,687)	(334,679)
1,940,400	1,940,400
<u>-</u>	<u>(47,000)</u>
<u>1,940,400</u>	<u>1,893,400</u>
1,555,713	1,558,721
<u>735,699</u>	<u>1,060,078</u>
<u><u>\$2,291,412</u></u>	<u><u>\$2,618,799</u></u>

BUDGETARY COMPARISON SCHEDULE
NONMAJOR IMPACT FEES TRUST FUND
For the Fiscal Year Ended September 30, 2019
CITY OF HOLLY HILL, FLORIDA

Exhibit 3

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	
Revenue:				
Permits and Fees:				
Law enforcement impact fees.....	\$ 4,000	\$ 4,000	\$ 7,981	\$ 3,981
Fire protection impact fees.....	-	-	9,179	9,179
Roads and streets impact fees.....	10,500	10,500	8,354	(2,146)
Recreation and parks impact fees.....	2,000	2,000	25,624	23,624
	<u>16,500</u>	<u>16,500</u>	<u>51,138</u>	<u>34,638</u>
Charges for Services:				
Roads and streets impact fees.....	-	-	2,404	2,404
Miscellaneous:				
Interest earnings.....	<u>1,750</u>	<u>1,750</u>	<u>1,874</u>	<u>124</u>
Total revenue.....	18,250	18,250	55,416	37,166
Expenditures.....	-	-	-	-
Excess of revenue over (under) expenditures.....	18,250	18,250	55,416	37,166
Other Financing Sources (Uses):				
Transfers in.....	-	-	-	-
Transfers out.....	(47,000)	(47,000)	(47,000)	-
Appropriated fund balance.....	<u>28,750</u>	<u>28,750</u>	<u>-</u>	<u>(28,750)</u>
Net change in fund balance.....	-	-	8,416	8,416
Fund balances, beginning of year	<u>277,529</u>	<u>277,529</u>	<u>277,529</u>	<u>-</u>
Fund balances, end of year.....	<u>\$ 277,529</u>	<u>\$ 277,529</u>	<u>\$ 285,945</u>	<u>\$ 8,416</u>

BUDGETARY COMPARISON SCHEDULE
NONMAJOR LAW ENFORCEMENT TRUST FUND
For the Fiscal Year Ended September 30, 2019
CITY OF HOLLY HILL, FLORIDA

Exhibit 4

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	
Revenue:				
Fines and Forfeitures:				
Confiscated property.....	\$ -	\$ -	\$ 13,960	\$ 13,960
Miscellaneous:				
Interest earnings.....	200	200	83	(117)
Total revenue.....	200	200	14,043	13,843
Expenditures:				
Current:				
Public Safety:				
Operating expenditures.....	27,350	27,350	22,463	4,887
Capital outlay.....	-	-	-	-
Total expenditures	27,350	27,350	22,463	4,887
Excess of revenue over (under)				
expenditures	(27,150)	(27,150)	(8,420)	18,730
Other Financing Sources (Uses):				
Appropriated fund balance.....	27,150	27,150	-	(27,150)
Net change in fund balance.....	-	-	(8,420)	(8,420)
Fund balances, beginning of year.....	42,804	42,804	42,804	-
Fund balances, end of year.....	\$ 42,804	\$ 42,804	\$ 34,384	\$ (8,420)

BUDGETARY COMPARISON SCHEDULE
NONMAJOR HOLLY HILL POLICE EXPLORERS FUND
For the Fiscal Year Ended September 30, 2019
CITY OF HOLLY HILL, FLORIDA

Exhibit 5

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	
Revenue:				
Miscellaneous:				
Interest earnings.....	\$ -	\$ -	\$ 1	\$ 1
Contributions.....	-	-	1,677	1,677
Charges for services.....	-	-	3,820	3,820
Total revenue.....	-	-	5,498	5,498
Expenditures:				
Current:				
Culture/recreation:				
Operating expenditures.....	1,400	2,847	2,486	361
Excess of revenue over (under)				
expenditures.....	(1,400)	(2,847)	3,012	5,859
Other Financing Sources (Uses):				
Appropriated fund balance.....	1,400	2,847	-	(2,847)
Net change in fund balance.....	-	-	3,012	3,012
Fund balances, beginning of year.....	4,046	4,046	4,046	-
Fund balances, end of year.....	\$ 4,046	\$ 4,046	\$ 7,058	\$ 3,012

BUDGETARY COMPARISON SCHEDULE
NONMAJOR CAPITAL PROJECTS FUND
For the Fiscal Year Ended September 30, 2019
CITY OF HOLLY HILL, FLORIDA

Exhibit 6

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	
Revenue:				
Intergovernmental:				
Federal grants:				
FEMA - HMGP	\$ -	\$ -	\$ 36,611	\$ 36,611
State grant:				
FWC.....	-	-	57,000	57,000
FIND.....	890,440	890,440	611,167	(279,273)
Local grant:				
ECHO.....	327,600	327,600	115,037	(212,563)
	<u>1,218,040</u>	<u>1,218,040</u>	<u>819,815</u>	<u>(398,225)</u>
Miscellaneous:				
Contributions	65,000	65,000	50,000	(15,000)
Interest earnings.....	-	-	10,583	10,583
Total revenue.....	<u>1,283,040</u>	<u>1,283,040</u>	<u>880,398</u>	<u>(402,642)</u>
Expenditures:				
Capital Outlay:				
General government.....	3,618,589	3,618,589	1,265,085	2,353,504
Public safety.....	-	-	-	-
Transportation.....	-	-	-	-
Culture/recreation.....	-	-	-	-
Total expenditures.....	<u>3,618,589</u>	<u>3,618,589</u>	<u>1,265,085</u>	<u>2,353,504</u>
Excess of revenue over (under)				
expenditures.....	<u>(2,335,549)</u>	<u>(2,335,549)</u>	<u>(384,687)</u>	<u>1,950,862</u>
Other Financing Sources (Uses):				
Appropriated fund balance.....	395,149	395,149	-	-
Transfers in.....	1,940,400	1,940,400	1,940,400	-
Transfers (out).....	-	-	-	-
Total other financing sources.....	<u>2,335,549</u>	<u>2,335,549</u>	<u>1,940,400</u>	<u>-</u>
Net change in fund balance.....	-	-	1,555,713	1,950,862
Fund balances, beginning of year	<u>735,699</u>	<u>735,699</u>	<u>735,699</u>	<u>-</u>
Fund balances, end of year	<u>\$ 735,699</u>	<u>\$ 735,699</u>	<u>\$ 2,291,412</u>	<u>\$ 1,950,862</u>



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STATISTICAL SECTION

This part of City of Holly Hill, Florida's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents

Financial Trends

These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

These tables contain information to help the reader assess the City's most significant revenue sources, property taxes and water/sewer utility charges.

Debt Capacity

These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and its ability to issue additional debt in the future.

Demographic and Economic Information

These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

These tables contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the Commission provides and the activities it performs.

Sources: *Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year.*

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
CITY OF HOLLY HILL, FLORIDA
(Accrual basis of accounting)

	2019	2018	2017
Governmental Activities:			
Net investment in capital assets.....	16,960,577	15,573,476	\$ 13,755,952
Restricted.....	6,674,409	6,507,029	6,583,871
Unrestricted (deficit).....	<u>419,820</u>	<u>(1,398,695)</u>	<u>(997,664)</u>
Total governmental activities net position.....	<u>24,054,806</u>	<u>20,681,810</u>	<u>19,342,159</u>
Business-type Activities:			
Net investment in capital assets.....	13,335,423	11,767,034	10,500,202
Restricted.....	2,019,176	2,742,943	3,040,594
Unrestricted.....	<u>12,311,377</u>	<u>11,541,283</u>	<u>11,083,496</u>
Total business-type activities net position.....	<u>27,665,976</u>	<u>26,051,260</u>	<u>24,624,292</u>
Primary Government:			
Net investment in capital assets.....	30,296,000	27,340,510	24,256,154
Restricted.....	8,693,585	9,249,972	9,624,465
Unrestricted.....	<u>12,731,197</u>	<u>10,142,588</u>	<u>10,085,832</u>
Total primary government net position.....	<u>\$ 51,720,782</u>	<u>\$ 46,733,070</u>	<u>\$ 43,966,451</u>

During the year ended September 30, 2015, GASB Statement No. 68 was implemented resulting in adjustments to beginning net position. Periods previous to that year have not been adjusted for these changes.

Table 1

Fiscal Year						
2016	2015	2014	2013	2012	2011	2010
\$ 16,030,653	\$ 15,794,251	\$ 15,003,479	\$ 14,212,302	\$ 12,676,997	\$ 8,660,237	\$ 8,082,263
4,442,234	3,953,513	3,670,810	3,856,892	4,815,752	8,270,597	7,693,108
<u>(1,397,870)</u>	<u>(1,820,824)</u>	<u>2,736,658</u>	<u>2,522,450</u>	<u>2,968,221</u>	<u>2,543,101</u>	<u>2,148,243</u>
<u>19,075,017</u>	<u>17,926,940</u>	<u>21,410,947</u>	<u>20,591,644</u>	<u>20,460,970</u>	<u>19,473,935</u>	<u>17,923,614</u>
9,338,226	8,306,571	7,665,165	5,175,795	7,180,534	7,253,676	7,358,919
3,618,071	3,552,810	3,517,035	4,083,410	2,671,621	2,974,207	3,153,723
<u>10,027,035</u>	<u>9,575,372</u>	<u>9,460,140</u>	<u>9,983,362</u>	<u>7,774,802</u>	<u>6,338,589</u>	<u>4,529,073</u>
<u>22,983,332</u>	<u>21,434,753</u>	<u>20,642,340</u>	<u>19,242,567</u>	<u>17,626,957</u>	<u>16,566,472</u>	<u>15,041,715</u>
25,368,879	24,100,822	22,668,644	19,388,097	19,857,531	15,913,913	15,441,182
8,060,305	7,506,323	7,187,845	7,940,302	7,487,373	11,244,804	10,846,831
<u>8,629,165</u>	<u>7,754,548</u>	<u>12,196,798</u>	<u>12,505,812</u>	<u>10,743,023</u>	<u>8,881,690</u>	<u>6,677,316</u>
<u>\$ 42,058,349</u>	<u>\$ 39,361,693</u>	<u>\$ 42,053,287</u>	<u>\$ 39,834,211</u>	<u>\$ 38,087,927</u>	<u>\$ 36,040,407</u>	<u>\$ 32,965,329</u>

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
CITY OF HOLLY HILL, FLORIDA
(Accrual basis of accounting)

	2019	2018	2017
Expenses:			
Governmental Activities:			
General government.....	\$ 2,736,783	\$ 2,728,813	\$ 2,262,357
Public safety.....	4,748,821	4,667,120	7,074,310
Physical environment.....	29,941	23,508	62,816
Transportation.....	1,086,869	579,611	558,106
Economic environment.....	2,175,644	451,029	481,087
Culture/recreation.....	1,247,997	1,023,115	1,028,004
	<u>137,657</u>	<u>145,263</u>	<u>156,078</u>
Total governmental activities expenses.....	<u>12,163,712</u>	<u>9,618,459</u>	<u>11,622,758</u>
Business-Type Activities:			
Water and sewer.....	6,322,089	5,148,419	5,095,534
Stormwater Management.....	1,002,275	740,597	760,023
Solid Waste.....	<u>2,475,068</u>	<u>1,856,159</u>	<u>1,760,984</u>
Total business-type activities expenses.....	<u>9,799,432</u>	<u>7,745,175</u>	<u>7,616,541</u>
Total primary government expenses.....	<u>21,963,144</u>	<u>17,363,634</u>	<u>19,239,299</u>
Program Revenues:			
Governmental Activities:			
Charges for Services:			
General government.....	3,424,732	1,114,457	1,102,806
Public safety.....	128,104	361,445	220,607
Physical environment.....	-	-	-
Transportation.....	110,721	112,583	96,591
Economic environment.....	-	-	-
Culture/recreation.....	40,131	18,180	17,619
Operating grants and contributions.....	4,476,544	1,567,327	4,011,193
Capital grants and contributions.....	<u>137,050</u>	<u>136,236</u>	<u>230,421</u>
Total governmental activities program revenues.....	<u>8,317,282</u>	<u>3,310,228</u>	<u>5,679,237</u>
Business-Type Activities:			
Charges for Services:			
Water/Sewer.....	7,282,905	6,896,965	6,462,660
Stormwater Management.....	1,172,041	937,927	947,208
Solid Waste.....	2,616,307	2,565,227	2,587,645
Operating grants and contributions.....	-	-	-
Capital grants and contributions.....	<u>119,880</u>	<u>-</u>	<u>3,330</u>
Total business-type activities program revenues.....	<u>11,191,133</u>	<u>10,400,119</u>	<u>10,000,843</u>
Total primary government program revenues.....	<u>19,508,415</u>	<u>13,710,347</u>	<u>15,680,080</u>

Table 2

Fiscal Year						
2016	2015	2014	2013	2012	2011	2010
\$ 2,303,343	\$ 2,294,042	\$ 2,137,770	\$ 2,298,533	\$ 2,348,014	\$ 2,332,984	\$ 1,847,021
4,223,371	4,543,641	4,531,911	3,978,943	3,852,378	3,798,676	4,192,672
22,876	12,801	11,717	-	-	-	-
945,451	685,998	657,879	578,257	289,592	438,564	957,840
500,992	550,314	676,361	1,242,706	886,764	533,531	819,830
967,372	945,614	965,559	949,879	866,369	692,810	885,945
170,864	185,409	200,108	174,347	204,683	235,237	244,726
<u>9,134,269</u>	<u>9,217,819</u>	<u>9,181,305</u>	<u>9,222,665</u>	<u>8,447,800</u>	<u>8,031,802</u>	<u>8,948,034</u>
4,749,834	4,547,616	4,244,775	4,001,497	4,243,185	4,215,684	5,214,124
803,918	786,211	758,301	655,116	651,874	687,803	764,593
<u>1,773,349</u>	<u>1,715,096</u>	<u>1,650,414</u>	<u>1,662,292</u>	<u>1,220,928</u>	<u>1,279,669</u>	<u>1,282,392</u>
<u>7,327,101</u>	<u>7,048,923</u>	<u>6,653,490</u>	<u>6,318,905</u>	<u>6,115,987</u>	<u>6,183,156</u>	<u>7,261,109</u>
<u>16,461,370</u>	<u>16,266,742</u>	<u>15,834,795</u>	<u>15,541,570</u>	<u>14,563,787</u>	<u>14,214,958</u>	<u>16,209,143</u>
1,040,484	1,069,540	1,156,153	1,016,014	1,004,448	241,477	217,576
198,576	250,244	413,875	382,829	396,331	208,354	87,162
-	-	-	-	-	-	-
104,955	100,410	91,226	92,495	80,523	108,177	54,413
-	-	613	5,765	-	-	-
22,813	18,296	16,518	14,531	23,338	30,526	28,031
1,483,592	1,503,092	1,436,128	1,143,863	1,224,367	1,465,666	1,279,191
195,997	456,138	199,013	209,098	397,333	189,546	117,781
<u>3,046,417</u>	<u>3,397,720</u>	<u>3,313,526</u>	<u>2,864,595</u>	<u>3,126,340</u>	<u>2,243,746</u>	<u>1,784,154</u>
6,188,254	5,933,831	5,675,300	5,772,142	5,539,606	5,310,187	4,675,679
946,661	801,878	796,720	803,372	805,923	844,920	866,784
2,477,576	2,314,039	2,196,706	1,962,148	1,689,857	1,671,500	1,687,980
-	-	-	-	-	11,487	765
29,484	6,660	11,151	5,052	8,643	18,072	12,804
<u>9,641,975</u>	<u>9,056,408</u>	<u>8,679,877</u>	<u>8,542,714</u>	<u>8,044,029</u>	<u>7,856,166</u>	<u>7,244,012</u>
<u>12,688,392</u>	<u>12,454,128</u>	<u>11,993,403</u>	<u>11,407,309</u>	<u>11,170,369</u>	<u>10,099,912</u>	<u>9,028,166</u>

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
CITY OF HOLLY HILL, FLORIDA
(Accrual basis of accounting)

	2019	2018	2017
Net (Expense)/Revenue:			
Governmental activities.....	\$ (3,846,430)	\$ (6,308,231)	\$ (5,943,521)
Business-type activities.....	<u>1,391,701</u>	<u>2,654,944</u>	<u>2,384,302</u>
Total primary government net expense.....	<u>(2,454,729)</u>	<u>(3,653,287)</u>	<u>(3,559,219)</u>
General Revenues and Other Changes in Net Position:			
Governmental Activities:			
Taxes:			
Property taxes.....	3,943,344	3,872,175	3,605,020
Sales taxes.....	690,554	687,814	652,102
Public service taxes.....	1,829,360	1,815,018	1,738,944
Intergovernmental revenues.....	474,129	459,288	348,443
Investment earnings.....	121,730	124,771	58,921
Miscellaneous revenue.....	160,309	87,688	83,960
Gain (loss) on capital asset disposal.....	-	-	(1,090,468)
Transfers.....	<u>-</u>	<u>1,131,539</u>	<u>813,741</u>
Total governmental activities.....	<u>7,219,426</u>	<u>8,178,293</u>	<u>6,210,663</u>
Business-Type Activities:			
Investment earnings.....	167,507	82,286	39,981
Transfers.....	-	(1,131,539)	(813,741)
Other.....	<u>55,508</u>	<u>32,700</u>	<u>30,418</u>
Total business-type activities.....	<u>223,015</u>	<u>(1,016,553)</u>	<u>(743,342)</u>
Total primary government.....	<u>\$ 7,442,441</u>	<u>\$ 7,161,740</u>	<u>\$ 5,467,321</u>
Changes in Net Position:			
Governmental activities.....	\$ 3,372,996	\$ 1,870,062	\$ 267,142
Business-type activities.....	<u>1,614,716</u>	<u>1,638,391</u>	<u>1,640,960</u>
Total primary government.....	<u>\$ 4,987,712</u>	<u>\$ 3,508,453</u>	<u>\$ 1,908,102</u>

Note: In 2019, direct allocation and Internal Service charges in the amount of \$1,873,941 are included in Governmental Charges for Services in lieu of transfers between funds.

During the year ended September 30, 2015, GASB Statement No. 68 was implemented resulting in adjustments to beginning net position. Periods previous to that year have not been adjusted for these changes.

Table 2
(Continued)

Fiscal Year						
2016	2015	2014	2013	2012	2011	2010
\$ (6,087,852)	\$ (5,820,099)	\$ (5,867,779)	\$ (6,358,070)	\$ (5,321,460)	\$ (5,788,056)	\$ (7,163,880)
<u>2,314,874</u>	<u>2,007,485</u>	<u>2,026,387</u>	<u>2,223,809</u>	<u>1,928,042</u>	<u>1,673,010</u>	<u>(17,097)</u>
<u>(3,772,978)</u>	<u>(3,812,614)</u>	<u>(3,841,392)</u>	<u>(4,134,261)</u>	<u>(3,393,418)</u>	<u>(4,115,046)</u>	<u>(7,180,977)</u>
3,543,276	3,390,137	3,322,229	3,199,635	3,208,390	3,435,096	3,220,600
630,891	602,221	565,457	536,137	510,207	521,190	522,556
1,722,500	1,733,315	1,714,214	1,676,393	1,616,522	1,635,185	1,647,958
324,537	319,010	300,608	288,696	275,803	1,498,361	1,924,018
50,743	8,900	4,002	14,658	2,646	4,627	7,058
148,182	168,310	148,772	156,425	78,127	93,918	78,067
-	-	-	-	-	-	-
<u>815,800</u>	<u>631,800</u>	<u>631,800</u>	<u>616,800</u>	<u>616,800</u>	<u>150,000</u>	<u>910,600</u>
<u>7,235,929</u>	<u>6,853,693</u>	<u>6,687,082</u>	<u>6,488,744</u>	<u>6,308,495</u>	<u>7,338,377</u>	<u>8,310,857</u>
19,936	10,348	5,186	8,601	1,747	1,747	3,391
(815,800)	(631,800)	(631,800)	(616,800)	(150,000)	(150,000)	(910,600)
<u>29,569</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(766,295)</u>	<u>(621,452)</u>	<u>(626,614)</u>	<u>(608,199)</u>	<u>(148,253)</u>	<u>(148,253)</u>	<u>(907,209)</u>
<u>\$ 6,469,634</u>	<u>\$ 6,232,241</u>	<u>\$ 6,060,468</u>	<u>\$ 5,880,545</u>	<u>\$ 6,160,242</u>	<u>\$ 7,190,124</u>	<u>\$ 7,403,648</u>
\$ 1,148,077	\$ 1,033,594	\$ 819,303	\$ 130,674	\$ 987,035	\$ 1,550,321	\$ 1,146,977
<u>1,548,579</u>	<u>1,386,033</u>	<u>1,399,773</u>	<u>1,615,610</u>	<u>1,779,789</u>	<u>1,524,757</u>	<u>(924,306)</u>
<u>\$ 2,696,656</u>	<u>\$ 2,419,627</u>	<u>\$ 2,219,076</u>	<u>\$ 1,746,284</u>	<u>\$ 2,766,824</u>	<u>\$ 3,075,078</u>	<u>\$ 222,671</u>

FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
CITY OF HOLLY HILL, FLORIDA
(Modified accrual basis of accounting)

	2019	2018	2017
General Fund:			
Nonspendable.....	17,217	30,737	\$ 75,110
Restricted.....	484,554	399,002	235,491
Committed.....	-	-	-
Assigned.....	2,210,612	2,033,089	1,011,304
Unassigned.....	<u>2,228,493</u>	<u>2,175,186</u>	<u>1,219,178</u>
Total general fund.....	<u>4,940,876</u>	<u>4,638,014</u>	<u>\$ 2,541,083</u>
All Other Governmental Funds:			
Nonspendable.....	-	37	\$ 1,220
Restricted.....	5,830,972	5,755,688	8,515,283
Committed.....	2,291,412	735,699	1,078,195
Assigned.....	7,058	4,046	2,557
Unassigned.....	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds.....	<u>8,129,442</u>	<u>6,495,470</u>	<u>\$ 9,597,255</u>

Source: Balance Sheet Statement 3.

Table 3

Fiscal Year						
2016	2015	2014	2013	2012	2011	2010
\$ 9,554	\$ 13,296	\$ 19,653	\$ 17,395	\$ 1,645	\$ 1,721	\$ 51,265
99,491	228,309	316,533	196,458	605,017	509,827	261,158
-	-	-	-	-	-	-
1,146,501	767,132	1,617,533	558,359	1,780,964	975	-
<u>3,791,172</u>	<u>3,676,556</u>	<u>2,352,968</u>	<u>3,016,441</u>	<u>2,119,220</u>	<u>3,558,549</u>	<u>2,961,396</u>
<u>\$ 5,046,718</u>	<u>\$ 4,685,293</u>	<u>\$ 4,306,687</u>	<u>\$ 3,788,653</u>	<u>\$ 4,506,846</u>	<u>\$ 4,071,072</u>	<u>\$ 3,273,819</u>
\$ -	\$ -	\$ -	\$ 16,400	\$ -	\$ 55,000	\$ -
8,226,566	7,843,852	7,500,251	8,558,234	4,210,735	7,760,770	7,356,536
131,223	131,004	130,991	130,978	130,961	130,945	315,515
1,664	4,597	8,799	4,453	20,045	20,603	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,715)</u>	<u>(15,199)</u>	<u>-</u>
<u>\$ 8,359,453</u>	<u>\$ 7,979,453</u>	<u>\$ 7,640,041</u>	<u>\$ 8,710,065</u>	<u>\$ 4,360,026</u>	<u>\$ 7,952,119</u>	<u>\$ 7,672,051</u>

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
CITY OF HOLLY HILL, FLORIDA
(Modified accrual basis of accounting)

	2019	2018	2017
Revenue:			
Taxes	\$ 6,466,760	\$ 6,362,040	\$ 6,057,443
Permits and fees	1,325,250	1,035,373	985,112
Intergovernmental	4,778,115	3,374,400	2,329,931
Charges for services	1,369,612	151,772	144,036
Fines and forfeitures	60,008	210,044	59,294
Miscellaneous	<u>306,378</u>	<u>217,530</u>	<u>1,503,510</u>
Total revenue	<u>14,306,123</u>	<u>11,351,159</u>	<u>11,079,326</u>
Expenditures:			
General government	1,928,980	2,414,366	2,065,509
Public safety	4,461,767	4,771,581	6,820,451
Physical environment	-	-	-
Transportation	849,025	337,299	296,719
Economic environment	1,028,024	258,634	255,518
Culture/recreation	985,466	821,443	823,203
Capital outlay.....	2,321,187	4,032,573	2,052,201
Debt Service:			
Principal retirement	715,000	700,000	685,000
Interest and fiscal charges	<u>144,224</u>	<u>151,654</u>	<u>162,299</u>
Total expenditures	<u>12,433,673</u>	<u>13,487,550</u>	<u>13,160,900</u>
Excess of revenue over (under) expenditures	<u>1,872,450</u>	<u>(2,136,391)</u>	<u>(2,081,574)</u>
Other Financing Sources (Uses):			
Revenue bonds issued	-	-	-
Transfers in	1,940,400	1,139,940	2,979,593
Transfers out	(1,940,400)	(8,403)	(2,165,852)
Payment to refunded bond escrow	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>1,131,537</u>	<u>813,741</u>
Net change in fund balances.....	<u>\$ 1,872,450</u>	<u>\$ (1,004,854)</u>	<u>\$ (1,267,833)</u>
Debt service as a percentage of noncapital expenditures.....	<u>9.1%</u>	<u>9.1%</u>	<u>7.7%</u>

Table 4

Fiscal Year						
2016	2015	2014	2013	2012	2011	2010
\$ 5,910,665	\$ 5,735,019	\$ 5,648,079	\$ 5,431,600	\$ 5,381,971	\$ 5,623,744	\$ 5,872,297
977,793	997,830	1,072,873	968,414	869,747	1,016,041	897,290
2,178,772	2,459,898	2,078,751	1,816,087	2,032,148	2,406,507	2,628,694
152,030	130,129	133,288	126,279	123,709	162,466	100,671
37,071	115,209	271,272	228,493	319,638	124,005	45,985
<u>233,659</u>	<u>179,722</u>	<u>154,773</u>	<u>173,812</u>	<u>96,308</u>	<u>100,998</u>	<u>88,078</u>
<u>9,489,990</u>	<u>9,617,807</u>	<u>9,359,036</u>	<u>8,744,685</u>	<u>8,823,521</u>	<u>9,433,761</u>	<u>9,633,015</u>
2,138,730	2,079,960	2,048,137	2,259,139	2,376,905	2,411,056	1,672,409
4,200,985	4,188,393	4,335,023	4,409,235	3,808,003	3,596,628	3,915,840
-	-	-	-	-	-	-
722,949	522,141	426,670	783,393	274,514	126,887	729,145
309,424	563,039	1,084,763	1,597,229	2,725,325	580,112	787,094
1,046,301	1,212,663	1,001,836	995,081	746,812	538,632	734,731
298,994	119,004	798,564	221,442	2,129,771	857,414	615,324
670,000	655,000	640,000	336,283	155,367	269,729	222,179
<u>176,982</u>	<u>191,388</u>	<u>207,834</u>	<u>127,837</u>	<u>145,059</u>	<u>238,097</u>	<u>248,262</u>
<u>9,564,365</u>	<u>9,531,588</u>	<u>10,542,827</u>	<u>10,729,639</u>	<u>12,361,756</u>	<u>8,618,555</u>	<u>8,924,984</u>
<u>(74,375)</u>	<u>86,219</u>	<u>(1,183,791)</u>	<u>(1,984,954)</u>	<u>(3,538,235)</u>	<u>815,206</u>	<u>708,031</u>
-	-	-	5,000,000	4,835,000	112,115	-
1,676,473	1,479,302	1,486,402	1,226,600	1,117,408	620,500	1,734,200
(860,673)	(847,502)	(854,602)	(609,800)	(500,608)	(470,500)	(823,600)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,069,884)</u>	<u>-</u>	<u>-</u>
<u>815,800</u>	<u>631,800</u>	<u>631,800</u>	<u>5,616,800</u>	<u>381,916</u>	<u>262,115</u>	<u>910,600</u>
<u>\$ 741,425</u>	<u>\$ 718,019</u>	<u>\$ (551,991)</u>	<u>\$ 3,631,846</u>	<u>\$ (3,156,319)</u>	<u>\$ 1,077,321</u>	<u>\$ 1,618,631</u>
<u>9.6%</u>	<u>10.1%</u>	<u>9.7%</u>	<u>5.4%</u>	<u>3.8%</u>	<u>6.7%</u>	<u>5.7%</u>

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
CITY OF HOLLY HILL, FLORIDA**

Fiscal Year Ended 09/30	Tax Year Ended 12/31	Residential Property	Commercial Property	Industrial Property	Agricultural Property	Institutional Property
2010	2009	\$ 479,872,329	\$ 169,983,130	\$ 70,783,248	\$ 242,760	\$ 43,910,044
2011	2010	\$ 399,120,185	\$ 131,870,622	\$ 55,444,388	\$ 194,695	\$ 34,134,225
2012	2011	\$ 341,308,061	\$ 124,913,797	\$ 50,582,833	\$ 170,869	\$ 32,471,333
2013	2012	\$ 321,531,011	\$ 111,476,945	\$ 47,917,706	\$ 124,093	\$ 31,699,934
2014	2013	\$ 355,474,927	\$ 113,622,435	\$ 47,842,246	\$ 102,733	\$ 30,974,889
2015	2014	\$ 331,118,948	\$ 117,233,692	\$ 50,323,505	\$ 32,877	\$ 32,590,419
2016	2015	\$ 348,087,286	\$ 121,955,224	\$ 52,170,203	\$ 35,680	\$ 34,610,358
2017	2016	\$ 368,014,057	\$ 130,150,602	\$ 53,764,117	\$ 38,763	\$ 35,861,332
2018	2017	\$ 389,743,387	\$ 140,927,336	\$ 58,035,864	\$ 42,154	\$ 37,026,265
2019	2018	\$ 425,887,150	\$ 151,461,812	\$ 61,794,977	n/a	\$ 37,968,696

Source: Property Appraiser, Volusia County, Florida
Final Post VAB Values Grouped by Property Classification Report
Final Millage Rates Report

Note: ¹Property in the City of Holly Hill is reassessed each year by the Volusia County Property Appraiser. Property is assessed at actual value. Tax rates are per \$1,000 of assessed value.

Table 5

Government Property	Vacant Land and Other	Tangible/ Centrally Assessed Property	Total Just Value	Less: Tax-Exempt Property	Total Taxable Assessed Value ¹	Total Direct Tax Rate ¹
\$ 29,211,428	\$ 23,189,992	\$ 68,279,755	\$ 885,472,686	\$ 238,549,335	\$ 646,923,351	5.72580
\$ 10,345,095	\$ 34,422,523	\$ 63,770,698	\$ 729,302,431	\$ 186,908,332	\$ 542,394,099	6.55950
\$ 10,158,227	\$ 30,882,288	\$ 55,935,254	\$ 646,422,662	\$ 158,594,230	\$ 487,828,432	6.95000
\$ 26,384,666	\$ 16,223,093	\$ 53,870,338	\$ 609,227,786	\$ 158,725,598	\$ 450,502,188	7.35000
\$ 24,296,064	\$ 12,155,503	\$ 51,671,231	\$ 636,140,028	\$ 140,800,574	\$ 495,339,454	7.53000
\$ 26,230,631	\$ 16,079,953	\$ 57,248,114	\$ 630,858,139	\$ 143,984,727	\$ 486,873,412	7.13040
\$ 27,050,216	\$ 17,106,186	\$ 58,516,953	\$ 659,532,106	\$ 147,253,118	\$ 512,278,988	6.89490
\$ 26,995,665	\$ 17,761,873	\$ 58,447,308	\$ 691,033,717	\$ 151,762,995	\$ 539,270,722	6.89490
\$ 28,552,470	\$ 18,165,623	\$ 61,895,661	\$ 734,388,760	\$ 159,368,449	\$ 575,020,311	6.50000
\$ 29,205,776	\$ 14,669,785	\$ 71,135,387	\$ 792,123,583	\$ 167,108,032	\$ 625,015,551	6.25000

DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
CITY OF HOLLY HILL, FLORIDA

Fiscal Year ¹	Tax Year	Holly Hill	Volusia County-Operating ²	Volusia County-Voter Approved	Volusia County-School District ²	St. Johns Water Management District
2010	2009	5.72580	5.97434	0.40000	7.80500	0.41580
2011	2010	6.55950	5.90250	0.40000	8.23700	0.41580
2012	2011	6.95000	6.37910	0.40000	8.06300	0.33130
2013	2012	7.35000	6.48090	0.40000	7.88800	0.33130
2014	2013	7.53000	6.87090	0.40000	7.35800	0.32830
2015	2014	7.13040	6.87090	0.40000	7.33600	0.31640
2016	2015	7.13040	6.87090	0.40000	7.19700	0.30230
2017	2016	6.89490	6.65200	0.40000	6.84800	0.28850
2018	2017	6.89490	6.62500	0.40000	6.52000	0.27240
2019	2018	6.50000	6.24640	0.40000	6.28100	0.25620

Source: Property Appraiser, Volusia County, Florida

Note: Tax millage rates are per \$1,000 of assessed value.

¹All property valuations for the specified fiscal year ends are obtained from the previous year's tax roll

²Includes voted debt service millage rates, as applicable.

Table 6

Florida Inland Navigation District	Hospital District	East Volusia Mosquito Control District	Ponce DeLeon Inlet and Port Authority	Total- All Taxing Districts
0.03450	2.25000	0.20966	0.09360	22.90870
0.03450	2.00000	0.20800	0.09290	23.85020
0.03450	1.75000	0.20800	0.09290	24.20880
0.03450	1.25000	0.20800	0.09290	24.03560
0.03450	1.00000	0.20800	0.09290	23.82260
0.03450	1.00000	0.18800	0.09290	23.36910
0.03200	0.95500	0.18800	0.09290	23.16850
0.03200	0.75610	0.18800	0.09290	22.15240
0.03200	0.37810	0.18800	0.09290	21.40330
0.03200	0.35460	0.18800	0.09290	20.35110

**PRINCIPAL PROPERTY TAXPAYERS
CURRENT AND NINE YEARS AGO
CITY OF HOLLY HILL, FLORIDA**

Taxpayer	September 30, 2019		
	Assessed Taxable Value (\$ in Thousands)	Rank	Percent to Total Assessed Taxable Value
Daytona Grande LLC.....	\$ 36,642	1	4.63%
Florida Power & Light Company.....	14,789	2	1.87%
Holly Hill RHF Housing, Inc.....	13,789	3	1.74%
Sun Holly Forest, LLC.....	10,208	4	1.29%
Highlander Corp.....	10,054	5	1.27%
United Rentals N America Inc.....	8,231	6	1.04%
J 8 Land Partners LLLP.....	7,108	7	0.90%
SNH SE Holly Hill LLC.....	5,638	8	0.71%
NAC Health Plan Inc.....	5,177	9	0.65%
Metra Electronics Corp.....	4,971	10	0.63%
Holly Hill Associates, Inc.....	-	-	-
Charleston Place Ltd. Ptr.....	-	-	-
Riviera Senior Living	-	-	-
Totals.....	<u>\$ 116,607</u>		<u>14.72%</u>

Source: Property Appraiser, Volusia County, Florida
Explanation of Just and Taxable Values and Top Ten Taxpayers by Taxing Authority Report
Final Post VAB Values Grouped by Property Classification Report

Table 7

September 30, 2010		
Assessed Taxable Value (\$ in Thousands)	Rank	Percent to Total Assessed Taxable Value
-	-	-
8,141	3	1.26%
10,328	2	1.60%
7,142	4	1.10%
5,661	6	0.88%
-	-	-
-	-	-
-	-	-
4,772	10	0.74%
-	-	-
68,281	1	10.55%
5,951	5	0.92%
5,088	9	0.79%
<hr/>		<hr/>
\$ 115,364		17.83%
<hr/>		<hr/>

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
CITY OF HOLLY HILL, FLORIDA
(\$ in thousands)

Table 8

Fiscal Year Ended September	Taxes Levied For Year		Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percent of Levy		Amount	Percent of Levy
2010	\$	3,704,154	\$ 3,656,359	98.71%	\$ 14,656	\$ 3,671,015	99.11%
2011	\$	3,557,834	\$ 3,421,257	96.16%	\$ 4,215	\$ 3,425,472	96.28%
2012	\$	3,308,482	\$ 3,200,817	96.75%	\$ 2,899	\$ 3,203,716	96.83%
2013	\$	3,311,191	\$ 3,203,655	96.75%	\$ 15,556	\$ 3,219,211	97.22%
2014	\$	3,419,275	\$ 3,296,191	96.40%	\$ 15,607	\$ 3,311,798	96.86%
2015	\$	3,473,127	\$ 3,413,302	98.28%	\$ 4,250	\$ 3,417,552	98.40%
2016	\$	3,657,068	\$ 3,537,828	96.74%	\$ 3,694	\$ 3,541,522	96.84%
2017	\$	3,718,849	\$ 3,601,297	96.84%	\$ 610	\$ 3,601,907	96.86%
2018	\$	3,964,708	\$ 3,853,830	97.20%	\$ 8,896	\$ 3,862,726	97.43%
2019	\$	4,062,601	\$ 3,917,093	96.42%	\$ -	\$ 3,917,093	96.42%

Source: Finance Department, City of Holly Hill, Florida
Source: Property Appraiser, Volusia County, Florida
Certification of Final Taxable Value DR-422

Note: Tax collections are stated net of early payment discounts ranging from 1% to 4% based on the date of taxpayer payments. Actual tax collections received in each fiscal year are from the prior year's tax levy (i.e. 2019 collections are from the 2018 tax levy) and reported in the year used for revenue recognition.

**WATER PRODUCED AND CONSUMED/WASTEWATER TREATED
LAST TEN FISCAL YEARS**

Table 9

Fiscal Year Ended September	Gallons of Water Production	Gallons of Wastewater Treated
2010	396,934,000	590,850,000
2011	367,213,000	432,822,000
2012	372,733,000	514,650,000
2013	353,886,000	563,130,000
2014	347,865,000	563,070,000
2015	333,052,000	641,625,000
2016	351,220,000	548,690,000
2017	376,182,000	616,850,000
2018	401,159,000	782,528,000
2019	417,344,000	598,231,000

Source: Public Works Departments, City of Holly Hill, Florida



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**WATER AND SEWER UTILITY RATES
LAST TEN FISCAL YEARS
CITY OF HOLLY HILL, FLORIDA**

Table 10

Fiscal Year Ended September 30	Monthly Water Service Fees			Monthly Sewer Service Fees			Over 15,000 Gallons
	0 to 2,999 Gallons	3000 to 14,999 Gallons	Over 15,000 Gallons	0 to 2,999 Gallons	Over 3,000 Gallons		
2010	\$ 12.04	\$ 5.67	\$ 6.80	\$ 13.85	\$ 6.52		N/A
2011	\$ 12.04	\$ 5.67	\$ 6.80	\$ 13.85	\$ 6.52		N/A
2012	\$ 12.04	\$ 5.86	\$ 7.03	\$ 14.31	\$ 6.74		N/A
2013	\$ 12.81	\$ 6.04	\$ 7.25	\$ 14.74	\$ 6.95		N/A
2014	\$ 13.20	\$ 6.23	\$ 7.47	\$ 15.18	\$ 7.16		N/A
2015	\$ 13.60	\$ 6.42	\$ 7.70	\$ 15.64	\$ 7.38		N/A
2016	\$ 14.01	\$ 6.62	\$ 7.94	\$ 16.11	\$ 7.61		N/A
2017	\$ 14.43	\$ 6.82	\$ 8.18	\$ 16.59	\$ 7.84		N/A
2018	\$ 14.86	\$ 7.02	\$ 8.43	\$ 17.09	\$ 8.08		N/A
2019	\$ 15.31	\$ 7.23	\$ 8.68	\$ 17.60	\$ 8.32		N/A

Source: Finance Department, City of Holly Hill, Florida

**TEN LARGEST WATER AND SEWER CUSTOMERS
CURRENT AND NINE YEARS AGO
CITY OF HOLLY HILL, FLORIDA**

Customer Account Name	September 30, 2019		
	Annual Water/ Sewer Sales	Rank	Percent to Total Combined Water/Sewer Sales
Angelica Health Svc	\$ 503,674	1	8.04%
MGH Condo Assoc Inc	396,450	2	6.33%
Bishops Glenn	217,080	3	3.47%
Charleston Place	153,513	4	2.45%
Blue Tide Apartments #A&B	119,559	5	1.91%
Holly Point	114,982	6	1.84%
Maple Leaf Own Condo	66,788	7	1.07%
Florida Health Care	47,480	8	0.76%
Five Managers, Inc. (Riviera Senior Living, Inc.)	18,606	9	0.30%
Metra Electronics Corp	30,679	10	0.49%
Sun Communities Operating LMT	-	-	-
Total	<u>\$ 1,668,811</u>		

Source: Utility Billing Department, City of Holly Hill, Florida

Table 11

September 30, 2010			
	Annual Water/ Sewer Sales	Rank	Percent to Total Combined Water/Sewer Sales
\$	202,640	1	4.50%
	161,804	2	3.59%
	151,685	3	3.37%
	92,576	6	2.06%
	105,424	5	2.34%
	92,034	4	2.04%
	40,427	10	0.90%
	20,452	8	0.45%
	22,679	9	0.50%
	-	-	-
	12,555	7	0.28%
\$	<u>902,276</u>		

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
CITY OF HOLLY HILL, FLORIDA

Fiscal Year Ended September 30	Governmental Activities					Business-type	
	Redevelopment Notes	State Revolving Fund Loans¹	Other Notes/ Capital Leases	Total	Water and Sewer Bonds	State Revolving Fund Loans¹	
2010	\$ 5,313,755	\$ -	\$ -	\$ 5,313,755	\$ 10,900,000	\$ 10,994,949	
2011	\$ 5,081,398	\$ -	\$ 71,509	\$ 5,152,907	\$ 14,765,000	\$ 10,365,004	
2012	\$ 4,835,000	\$ -	\$ 36,283	\$ 4,871,283	\$ 14,150,000	\$ 9,719,893	
2013	\$ 9,535,000	\$ -	\$ -	\$ 9,535,000	\$ 15,450,000	\$ 9,059,235	
2014	\$ 8,895,000	\$ -	\$ -	\$ 8,895,000	\$ 14,465,000	\$ 8,382,640	
2015	\$ 8,240,000	\$ -	\$ -	\$ 8,240,000	\$ 13,275,000	\$ 7,689,713	
2016	\$ 7,570,000	\$ -	\$ -	\$ 7,570,000	\$ 12,060,000	\$ 6,980,042	
2017	\$ 6,885,000	\$ -	\$ -	\$ 6,885,000	\$ 10,820,000	\$ 6,253,203	
2018	\$ 6,185,000	\$ -	\$ -	\$ 6,185,000	\$ 9,550,000	\$ 5,508,772	
2019	\$ 5,470,000	\$ -	\$ -	\$ 5,470,000	\$ 8,593,381	\$ 4,746,300	

Source: Finance Department, City of Holly Hill, Florida
Volusia County Average Per Capita Income - Florida Research and Economic Database
Population - U.S. Census Bureau

Note: Details concerning the City's outstanding debt can be found in the notes to the financial statements.
Principal amounts are stated at par and do not include unamortized premiums, discounts or issue costs.

¹ Effective 10/01/2009, the governmental activities' state revolving fund loan was transferred to business-type activities in conjunction with the establishment of the Stormwater Utility Fund.

Table 12

	Total	Total Primary Government	Percent of Personal Income	Per Capita
\$	21,894,949	\$ 27,208,704	7.24%	\$ 2,334
\$	25,130,004	\$ 30,282,911	8.08%	\$ 2,603
\$	23,869,893	\$ 28,741,176	7.39%	\$ 2,471
\$	24,509,235	\$ 34,044,235	7.30%	\$ 2,928
\$	22,847,640	\$ 31,742,640	7.74%	\$ 2,718
\$	20,964,713	\$ 29,204,713	5.94%	\$ 2,482
\$	19,040,042	\$ 26,610,042	5.48%	\$ 2,255
\$	17,073,203	\$ 23,958,203	4.74%	\$ 2,006
\$	15,058,772	\$ 21,243,772	5.30%	\$ 1,739
\$	13,339,681	\$ 18,809,681	4.70%	\$ 1,540

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
CITY OF HOLLY HILL, FLORIDA**

Table 13

The City of Holly Hill, Florida has had no General Bonded Debt Outstanding during each of the past 10 fiscal years.

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
CITY OF HOLLY HILL, FLORIDA

Table 14

Governmental Unit	Principal Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes:			
County of Volusia, Florida			
General Obligation Bonds.....	\$ 6,380,000	1.8523%	118,178
City direct debt.....			<u>5,470,000</u>
Total direct and overlapping debt.....			<u>\$ 5,588,178</u>

Source: Assessed valuation data used to estimate applicable percentage provided by Volusia County Property Appraiser. Debt outstanding data provided by each government unit.

Note: Includes all direct debt - including bonds, notes, loans and capital leases
Estimated percentage based on 2018 Final Gross Taxable Value (Form DR-422)



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LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
CITY OF HOLLY HILL, FLORIDA

Table 15

The Constitution of the State of Florida, section 200.181, Florida Statutes, and the City of Holly Hill, Florida have set no legal debt limit.

PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS
CITY OF HOLLY HILL, FLORIDA
(\$000's)

	2019	2018	2017	2016
CRA Redevelopment Revenue Notes:				
(Defined) revenues.....	\$ 2,361	\$ 2,250	\$ 2,130	\$ 2,000
Less: operating expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net revenue available for debt service.....	2,361	2,250	2,130	2,000
Debt Service payments:				
Principal.....	715	700	685	670
Interest.....	<u>144</u>	<u>147</u>	<u>162</u>	<u>177</u>
Total debt service payments.....	<u>\$ 859</u>	<u>\$ 847</u>	<u>\$ 847</u>	<u>\$ 847</u>
Coverage ratio (times).....	<u>2.75</u>	<u>2.66</u>	<u>2.51</u>	<u>2.36</u>
FDEP Clean Water State Revolving Fund Loans:				
(Defined) stormwater revenues.....	\$ 1,053	\$ 937	\$ 947	\$ 947
Less: operating expenses	<u>414</u>	<u>394</u>	<u>407</u>	<u>457</u>
Net revenue available for debt service.....	639	543	540	490
Debt Service payments:				
Principal.....	317	310	303	296
Interest.....	<u>37</u>	<u>44</u>	<u>50</u>	<u>58</u>
Total debt service payments.....	<u>\$ 354</u>	<u>\$ 354</u>	<u>\$ 353</u>	<u>\$ 354</u>
Coverage ratio (times).....	<u>1.81</u>	<u>1.53</u>	<u>1.53</u>	<u>1.38</u>
Water and Sewer System Revenue Bonds:				
(Defined) water/sewer system revenues.....	\$ 7,095	\$ 6,872	\$ 6,463	\$ 6,188
Less: operating expenses	<u>3,309</u>	<u>3,291</u>	<u>3,101</u>	<u>2,691</u>
Net revenue available for debt service.....	3,786	3,581	3,362	3,497
Debt Service payments:				
Principal.....	1,295	1,270	1,240	1,215
Interest.....	<u>280</u>	<u>268</u>	<u>297</u>	<u>325</u>
Total debt service payments.....	<u>\$ 1,575</u>	<u>\$ 1,538</u>	<u>\$ 1,537</u>	<u>\$ 1,540</u>
Coverage ratio (times).....	<u>2.40</u>	<u>2.33</u>	<u>2.19</u>	<u>2.27</u>
FDEP Clean Water State Revolving Fund Loans:				
Subordinate Debt Service payments:				
Principal.....	446	435	425	413
Interest.....	<u>85</u>	<u>96</u>	<u>107</u>	<u>117</u>
Total debt service payments.....	<u>\$ 531</u>	<u>\$ 531</u>	<u>\$ 532</u>	<u>\$ 530</u>
Combined Coverage ratio (times).....	<u>1.80</u>	<u>1.73</u>	<u>1.62</u>	<u>1.69</u>

Notes: Details concerning the City's outstanding debt obligations are found in the notes to financial statements. Trend information does not include historical reporting of coverage for any retired obligations.

CRA Redevelopment Bonds are secured by tax increment revenues.

FDEP SRF Loan is secured with the City's stormwater utility revenues.

Water and Sewer Bonds are secured by all revenues of the water and sewer system. Operating expenses are stated net of depreciation expense. Debt service amounts for FDEP SRF Loan (which are subordinate to the 2002 Bonds) are combined with all obligations secured by Pledged Revenues.

Table 16

Fiscal Year					
2015	2014	2013	2012	2011	2010
\$ 1,972	\$ 1,685	\$ 1,511	\$ 1,570	\$ 2,009	\$ 2,647
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1,972	1,685	1,511	1,570	2,009	2,647
655	640	300	246	232	222
192	208	99	224	238	248
<u>\$ 847</u>	<u>\$ 848</u>	<u>\$ 399</u>	<u>\$ 470</u>	<u>\$ 470</u>	<u>\$ 470</u>
<u>2.33</u>	<u>1.99</u>	<u>3.79</u>	<u>3.34</u>	<u>4.27</u>	<u>5.63</u>
\$ 802	\$ 796	\$ 803	\$ 806	\$ 845	\$ 867
<u>440</u>	<u>393</u>	<u>283</u>	<u>270</u>	<u>291</u>	<u>362</u>
362	403	520	536	554	505
289	283	276	270	264	258
65	71	78	84	90	96
<u>\$ 354</u>	<u>\$ 354</u>	<u>\$ 354</u>	<u>\$ 354</u>	<u>\$ 354</u>	<u>\$ 354</u>
<u>1.02</u>	<u>1.14</u>	<u>1.47</u>	<u>1.51</u>	<u>1.56</u>	<u>1.43</u>
\$ 5,934	\$ 5,675	\$ 5,776	\$ 5,553	\$ 5,311	\$ 4,678
<u>2,519</u>	<u>2,478</u>	<u>2,373</u>	<u>2,242</u>	<u>2,269</u>	<u>2,666</u>
3,415	3,197	3,403	3,311	3,042	2,012
1,190	985	985	855	685	605
352	402	402	563	563	471
<u>\$ 1,542</u>	<u>\$ 1,387</u>	<u>\$ 1,387</u>	<u>\$ 1,418</u>	<u>\$ 1,248</u>	<u>\$ 1,076</u>
<u>2.21</u>	<u>2.30</u>	<u>2.45</u>	<u>2.33</u>	<u>2.44</u>	<u>1.87</u>
403	394	385	376	366	256
126	137	146	155	164	172
<u>\$ 529</u>	<u>\$ 531</u>	<u>\$ 531</u>	<u>\$ 531</u>	<u>\$ 530</u>	<u>\$ 428</u>
<u>1.65</u>	<u>1.67</u>	<u>1.77</u>	<u>1.70</u>	<u>1.71</u>	<u>1.34</u>



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DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
CITY OF HOLLY HILL, FLORIDA

Table 17

Fiscal Year Ended September 30	Population ¹	Volusia County Personal Income ²	Per Capita Personal Income ³	Median Household Income ³	County Unemployment Rate ⁴
2010	11,659	\$ 16,512,482	\$ 33,445	\$ 44,400	12.50%
2011	11,633	\$ 17,078,915	\$ 34,339	\$ 44,169	10.00%
2012	11,628	\$ 17,445,812	\$ 35,228	\$ 43,419	10.00%
2013	11,679	\$ 17,611,927	\$ 35,238	\$ 27,313	6.00%
2014	11,765	\$ 18,413,739	\$ 36,664	\$ 41,714	5.60%
2015	11,985	\$ 19,297,694	\$ 38,154	\$ 41,117	5.30%
2016	12,142	\$ 20,461,018	\$ 39,151	\$ 43,070	5.20%
2017	12,479	\$ 21,280,600	\$ 40,566	\$ 44,915	3.70%
2018	12,218	\$ 22,613,682	\$ 42,374	46,760	3.50%
2019	12,316	n/a	\$ 40,081	n/a	2.90%

Sources: ¹U.S. Department of Commerce, Bureau of Census. US Census 2018 ACS 5-Year Survey

²2010-2015 U.S. Department of Commerce, Bureau of Economic Analysis for Volusia County, FL
2016-2018 Volusia County Comprehensive Annual Financial Report

³U.S. Census Bureau. Amounts indicated are for Volusia County.

⁴U.S. Department of Labor, Bureau of Labor Statistics

**PRINCIPAL EMPLOYERS
CURRENT AND NINE YEARS AGO
CITY OF HOLLY HILL, FLORIDA**

Employer	September 30, 2019		
	Total Employees	Rank	Percent to Total City Employment
Florida Health Care.....	700	1	11.53%
Metra Electronics Corporation.....	501	2	8.25%
Holly Hill R.H.F. Housing Inc (Bishop's Glen).....	235	3	3.87%
Surface Crafters.....	125	4	2.06%
City of Holly Hill.....	110	5	1.81%
Holly Hill School.....	106	6	1.75%
R & R Industries, Inc.....	79	7	1.30%
Bob's Space Racers.....	75	8	1.24%
Angelica.....	69	9	1.14%
Five Star Quality Care (Riviera).....	65	10	1.07%
Cicero Masonry, Inc.....	-	-	-
Parks Stage Restaurant.....	-	-	-
Mediatech, Inc.....	-	-	-
Durostone Solid Surfaces, Inc.....	-	-	-
Total.....	<u>2,065</u>		<u>34.01%</u>
Estimated Civilian Labor Force.....	<u>6,072</u>		

Source: Volusia County Economic Development

Table 18

September 30, 2010		
Total Employees	Rank	Percent to Total City Employment
200	3	3.47%
450	1	7.81%
225	2	3.90%
-	-	-
100	5	1.73%
196	4	3.40%
60	7	1.04%
-	-	-
-	-	-
-	-	-
75	6	1.30%
30	8	0.52%
26	9	0.45%
18	10	0.31%
<u>1,380</u>		<u>23.93%</u>

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
CITY OF HOLLY HILL, FLORIDA

	Full-Time E			
	2019	2018	2017	2016
General Government:				
City Commission.....	5.0	5.0	5.0	5.0
City Manager.....	2.0	2.0	2.0	2.0
Finance/Administration.....	13.0	11.0	11.8	11.8
Human Relations.....	1.0	1.0	1.0	1.0
Information Technology.....	1.0	1.0	1.0	1.0
Public Safety:				
Police:				
Officers.....	25.5	25.0	25.0	25.0
Civilians.....	4.0	5.0	5.7	5.7
Fire:				
Firefighters and officers.....	13.0	13.0	13.0	13.0
Civilians.....	1.0	1.0	1.0	1.0
Protective Inspection.....	6.5	5.9	4.0	4.0
Physical Environment:				
Transportation.....	7.0	7.0	7.0	7.0
Buildings & Grounds.....	6.5	6.0	6.5	6.5
Culture/Recreation:				
Recreation.....	-	-	-	-
Economic Environment:				
Community Redevelopment.....	1.0	2.0	2.0	2.0
Public Works:				
Administration.....	3.0	-	-	-
Stormwater.....	4.0	4.2	4.2	4.2
Solid Waste.....	-	-	-	-
Public Utilities:				
Water.....	11.0	14.3	14.0	14.0
Sewer.....	<u>11.0</u>	<u>12.1</u>	<u>12.1</u>	<u>12.1</u>
Total	<u>115.5</u>	<u>115.6</u>	<u>115.3</u>	<u>115.3</u>

Source: City of Holly Hill Budgeted Positions

Table 19

equivalent Employees at September 30,

2015	2014	2013	2012	2011	2010
5.0	5.0	5.0	5.0	5.0	5.0
3.6	2.5	2.5	2.5	2.5	2.0
10.0	12.0	12.0	12.0	13.0	9.5
1.0	1.0	1.0	1.0	1.0	1.0
1.0	1.0	1.0	1.0	1.0	1.0
27.0	31.0	30.0	29.0	32.0	32.0
5.7	5.0	5.0	5.0	5.0	-
13.0	13.5	13.5	13.5	13.0	14.0
1.0	1.0	1.0	1.0	1.5	-
4.0	-	-	-	-	-
7.0	2.5	2.5	2.5	2.5	2.5
6.0	6.0	6.0	6.0	5.0	3.0
-	-	-	-	-	-
2.0	2.0	2.0	2.0	1.0	-
-	6.0	6.0	6.0	6.0	4.0
4.7	3.5	3.5	3.5	3.0	2.0
-	-	-	-	-	-
14.0	14.5	14.5	14.5	14.5	13.0
<u>12.1</u>	<u>12.0</u>	<u>12.0</u>	<u>13.0</u>	<u>13.0</u>	<u>13.0</u>
<u>117.1</u>	<u>118.5</u>	<u>117.5</u>	<u>117.5</u>	<u>119.0</u>	<u>102.0</u>

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
CITY OF HOLLY HILL, FLORIDA

	2019	2018	2017
Police:			
Physical arrests.....	570	732	1,105
Parking violations.....	-	-	-
Traffic violations.....	2,112	3,289	1,139
Fire:			
Emergency responses.....	2,717	3,102	3,154
Inspections.....	1,175	1,595	1,492
Solid Waste:			
Refuse collected (tons per day).....	-	-	-
Recyclables collected (tons per day).....	-	-	-
Public Works-Transportation:			
Street resurfacing (miles).....	-	-	-
Water:			
New connections.....	39	4	5
Water main breaks.....	4	8	5
Average daily consumption (thousands of gallons)...	1,144	1,096	1,030
Peak daily consumption (thousands of gallons).....	1,526	1,461	1,237
Sewer:			
Average daily treatment (thousands of gallons).....	1,640	2,138	1,690

Source: City of Holly Hill Police, Fire, Public Works and Water/Sewer Departments

Note: Solid waste and recycling are collected by an outside agency.

Table 20

Fiscal Year						
2016	2015	2014	2013	2012	2011	2010
945	741	838	935	1,192	896	929
-	-	-	-	-	1	-
1,704	2,765	1,992	1,358	1,218	1,598	1,960
2,855	2,834	2,423	2,668	2,480	2,480	2,750
1,401	1,089	781	1,134	522	522	400
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1	1	-	6	-	-	1
7	2	46	1	4	5	2
3	1	6	12	22	11	27
959	917	960	967	1,024	1,005	1,087
1,145	1,099	1,136	1,153	1,175	1,110	1,285
1,520	1,758	1,543	1,543	1,412	1,456	1,619

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
CITY OF HOLLY HILL, FLORIDA

	2019	2018	2017
Police:			
Stations.....	1	1	1
Patrol units ¹	4	3	4
Fire stations.....	1	1	1
Public Works-Transportation:			
Streets (miles) ²	69	69	69
Streetlights ⁴	1,033	1,033	1,033
Parks and recreation:			
Acreage.....	97	97	97
Dog Park.....	1	1	1
Playgrounds.....	4	5	5
Tennis Courts.....	2	2	2
Shuffleboard courts.....	-	-	-
Fishing Piers.....	3	4	4
Boat Ramps.....	1	1	1
Swimming Pools.....	1	1	1
Baseball/softball diamonds.....	1	5	5
Community centers.....	2	2	2
Water:			
Water mains (miles).....	75	75	75
Fire hydrants.....	408	408	402
Treatment capacity (millions of gallons).....	2	2	2
Sewer:			
Sanitary sewers (miles) ³	66	66	66
Storm sewers (miles).....	42	42	42
Treatment capacity (millions of gallons).....	3	3	3

Source: City of Holly Hill Police, Fire, Public Works and Water/Sewer Departments

¹Does not include special patrols i.e. CRA SRT

²Historical data restated to include County, DOT & private roads within the city limits

³Historically recalculated based on current GIS data

⁴FPL Audit June 2013

Table 21

Fiscal Year						
2016	2015	2014	2013	2012	2011	2010
1	1	1	1	1	1	1
3	4	4	4	4	4	4
1	1	1	1	1	1	1
69	69	69	69	69	69	69
1,033	1,033	1,033	963	963	963	963
97	97	97	97	84	84	84
1	1	1	1	1	1	1
4	4	4	4	4	4	4
2	2	2	2	2	2	2
-	-	-	-	-	-	-
4	3	3	3	3	3	3
1	1	1	1	1	1	1
1	1	1	1	1	1	1
5	5	5	5	5	5	5
3	4	4	2	2	2	2
75	75	75	75	74	74	73
392	389	364	364	355	350	304
2	2	2	2	2	2	2
66	66	66	66	66	66	66
42	42	42	42	42	42	42
3	3	3	3	3	2	2



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CITY OF HOLLY HILL
1065 Ridgewood Avenue Holly Hill, Florida 32117
www.hollyhillfl.org

AFFIDAVIT

BEFORE ME, the undersigned authority, personally appeared Stella L. Gurnee, who being duly sworn, deposes and says on oath that:

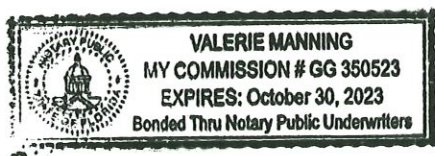
1. I am the Chief Financial Officer of the City of Holly Hill which is a local governmental entity of the State of Florida;
2. City of Holly Hill adopted (Ordinance Numbers 2771, 2772, 2773, and 1984) implementing an impact fee; and
3. City of Holly Hill has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

FURTHER AFFIANT SAYETH NAUGHT.

Stella L. Gurnee
Stella L. Gurnee
Finance Director

STATE OF FLORIDA
COUNTY OF VOLUSIA

Sworn to (or affirmed) and subscribed before me, by means of ☒ physical presence or ☐ online notarization, this 27th day of April, 2020, by Stella L. Gurnee, who is personally known to me or produced _____ as identification and did/did not take an oath.



NOTARY PUBLIC, STATE OF FLORIDA

Valerie Manning
Notary Signature

Valerie Manning
Printed Name

Commission No.: GG350523
My Commission Expires: October 30, 2023



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Honorable Mayor, and
Members of the City Commission
City of Holly Hill, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Holly Hill, Florida (the "City"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 5, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BMC CPAs

May 5, 2020

MANAGEMENT LETTER

To the Honorable Mayor, and
Members of the City Commission
City of Holly Hill, Florida

Report on the Financial Statements

We have audited the financial statements of City of Holly Hill, Florida (the “City”) as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated May 5, 2020.

Auditors’ Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Chapter 10.550, Rules of the Florida Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, and Independent Accountants’ Report on an Examination Conducted in Accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Florida Auditor General. Disclosures in those reports, which are dated May 5, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings and recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the City. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same. The financial condition assessment was done as of September 30, 2019.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Annual Financial Report

Sections 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the annual financial report for the City for the fiscal year ended September 30, 2019, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2019. In connection with our audit, we determined that these two reports were in agreement.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, Commissioners, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in dark ink that reads "BMC CPAs". The letters are stylized and cursive.

May 5, 2020

INDEPENDENT ACCOUNTANTS' REPORT

To the Honorable Mayor, and
Members of the City Commission
City of Holly Hill, Florida

We have examined City of Holly Hill, Florida's (the City) compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the period October 1, 2018 to September 30, 2019. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on the City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City complied, in all material respects, with the aforementioned requirements during the period October 1, 2018 to September 30, 2019.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

BMC CPAs

May 5, 2020



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